

Herald Tribune

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PARIS, MONDAY, MARCH 22, 1976

Established 1887

U.S. WEATHER FORECAST - PARIS:
Showers, Temp. 40-45 (50-55). Tomorrow:
LONDON: Dry and cold. Temp. 40-45 (50-55).
Tomorrow: High and cold. 40-45 (50-55).
NEW YORK: Sunny.
Temp. 40-45 (50-55).

U.S. WEATHER - COMICS PAGE

Algeria	12 S.	London	12 S.
Belgium	20 D.F.	Luxembourg	20 D.F.
Denmark	2-50 D.F.	Morocco	2-50 D.F.
France	2-50 D.F.	Nigeria	2-50 D.F.
Germany	2-50 D.F.	Norway	2-50 D.F.
Greece	2-50 D.F.	Portugal	2-50 D.F.
Italy	2-50 D.F.	Spain	2-50 D.F.
Japan	2-50 D.F.	Sweden	2-50 D.F.
Lebanon	2-50 D.F.	Switzerland	2-50 D.F.
Libya	2-50 D.F.	Turkey	2-50 D.F.
Morocco	2-50 D.F.	U.S. Military (207)	2-50 D.F.
Nigeria	2-50 D.F.	Yugoslavia	2-50 D.F.

In Bank Robbery

Patricia Hearst Found Guilty

By Wallace Turner

FRANCISCO, March 21 (UPI)—Patricia Hearst was found guilty of armed bank robbery and the use of a gun to kidnap her captors.

Hearst, 22, had testified last week that she was a victim of the revolutionary group that kidnapped her on April 15, 1973, but she had done so under duress.

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Patricia Hearst, 22, is shown in a courtroom setting during her trial.

to Opposes Power, Favors Insultative Role for Reds

MARCH 21 (UPI)—President Jimmy Carter yesterday said that the Communists in Cuba were not a threat to the United States, but he did not say whether he would support a military strike against the island.

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in Reform endorsed by Zhenitsyn

MOSCOW, March 21 (UPI)—Russian writer Alexander Zhenitsyn, speaking on television last night, urged that the Soviet Union should not rush to implement reforms that would lead to a "Communist" society.

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European Health Programs and Drug Trade—Some Unhealthy Strains

By Clyde H. Farnsworth

PARIS, March 21 (UPI)—In Western Europe, national health programs are a way of life, and some questionable relationships between the drug companies who supply the medicine and the authorities who administer the health programs are a way of life, too.

Essentially there is just one dominant customer for the more than \$47 billion of medicinal drugs sold in Europe in a year—not the public, but the government officials and medical professionals who decide in most countries which drugs will be registered for distribution, which ones will be incorporated into health insurance systems, and what prices may be charged for them.

From the customer's side there is a consistent and increasing pressure to hold down prices and cut down the proliferation of drugs that are covered. From the producer's side there is natural pressure to maximize profit, by prices and sales.

An investigation of the situation by The New York Times brings out evidence that when these forces meet, the frequent result may be bribes, questionable testing procedures, false accounting, patent piracy and other forms of abnormal competition.

To what extent U.S. drug companies are involved in this type of operation is unknown. But it is roughly estimated that they have captured 15 per cent of the European market and some of the U.S. concerns have been charged or are being investigated for questionable pricing practices.

Pressures May Produce Payoffs, Dubious Testing, Other Abuses

Merck & Co. appears to have made the largest payments among those disclosed to the SEC so far—an amount that the company reported as "less than" \$3.9 million from 1968 to last year.

The "commission type" payments were made almost entirely to "middle and lower echelon employees" of foreign governments and agencies, the company said.

Merck explained its "payments as 'accustomed business practice in many of the countries involved,' and the other companies have said much the same.

Perhaps of even greater pervasiveness than direct payoffs are the dubious pricing practices born of Europe's splintered regulatory pattern and sometimes stringent price controls.

Control Key Point in City

Beirut Leftists Take Phalangist Stronghold

From Wire Dispatches

BEIRUT, March 21.—Hundreds of Muslim and leftist gunmen, backed by armored vehicles, today drove rightist Phalangists from the towering, battered Holiday Inn, registering an important military and psychological victory.

As the sun fell, jubilant teenagers unfurled a green flag of victory from the east face of the battered luxury hotel, which since last fall had been a symbol of the defiant fighting qualities of the Phalangists.

Mortars crashed nearby, echoing defiantly in the seafloor hotel district.

With the Holiday Inn gone and the entire Phalangist "Sector Four" coastal strip endangered by advancing leftists, Christian chances of holding the port narrowed.

Only the unfinished Hilton Hotel a few yards farther east stood between the leftists and the Phalangists' new-deputed control of the port, itself the trump card in any partition of the capital between Christians and Muslims.

Meeting in Damascus

Yesterday, as the two-month-old crisis in Lebanon continued to fall apart, Premier Rashid Karami and other leaders went to Damascus and met with President Hafiz al-Assad on the deadlocked issue of arranging a presidential succession in Lebanon.

Meanwhile, partisans of President Suleiman Franjieh, who has defied military and parliamentary demands that he resign, shelled leftist and Druse positions in the mountain resort of Aley, which lies above the hill town of Baalbek.

Patricia Hearst

Each juror acknowledged having voted for the verdict.

The verdict was handed up at 4:30 p.m. by William Wright, 55, the jury foreman, a retired Army colonel from a San Francisco suburb.

Judge Carter set April 19 for sentencing. The maximum sentence for armed bank robbery is 30 years. The maximum sentence for use of a firearm to commit a felony is 10 years.

F. Lee Bailey

"You have done the best you can under the circumstances of this case as it was presented to you," the judge said. "Don't second-guess yourself."

"Judgment day is a difficult day," said the judge, who has spent 25 years on the bench. "I know. I have been through it again and again."

He told the jurors: "What occurred in the jury room is your collective property. It belongs not only to you but to your fellow jurors. Deal with those experiences with good manners, good sense and good judgment. I am not going to try to tell you not to talk about the case."

James Browning Jr.

The defendant still faces a number of felony counts in state court in Los Angeles as a result of an incident on May 18, 1974, in which she is accused of firing an automatic carbine into an Ingwood street and a storefront as she sought to help two members of the revolutionary group, the self-styled Symbionese Liberation Army. The two were about to be seized by store clerks who suspected them of shoplifting.

Mr. Bailey has said that he will represent Miss Hearst in the state cases.

Requests British Role in Talks

Smith Hints at Ending Independence

By Henry Kamm

JOHANNESBURG, March 21 (UPI)—Prime Minister Ian Smith yesterday held out the possibility that he might be prepared to abandon Rhodesia's 11-year-old unilateral declaration of independence from Britain in the search for a solution to the country's constitutional crisis.

Observers in Salisbury and here could not recall a precedent for such an expression of willingness to go back on Rhodesia's act of defiance, however circumspect Mr. Smith phrased it.

put forth by the Rhodesian government.

"I believe the British have now put themselves in a position where it is impossible for them to keep out of this issue," Mr. Smith said.

The British Foreign Office said Friday that Britain would consider participating in talks only if the Smith government recognized the inevitability of a speedy transition to majority rule. Asked

about his attitude on majority rule, Mr. Smith said:

"I would be prepared to consider it but this does not mean that I would agree."

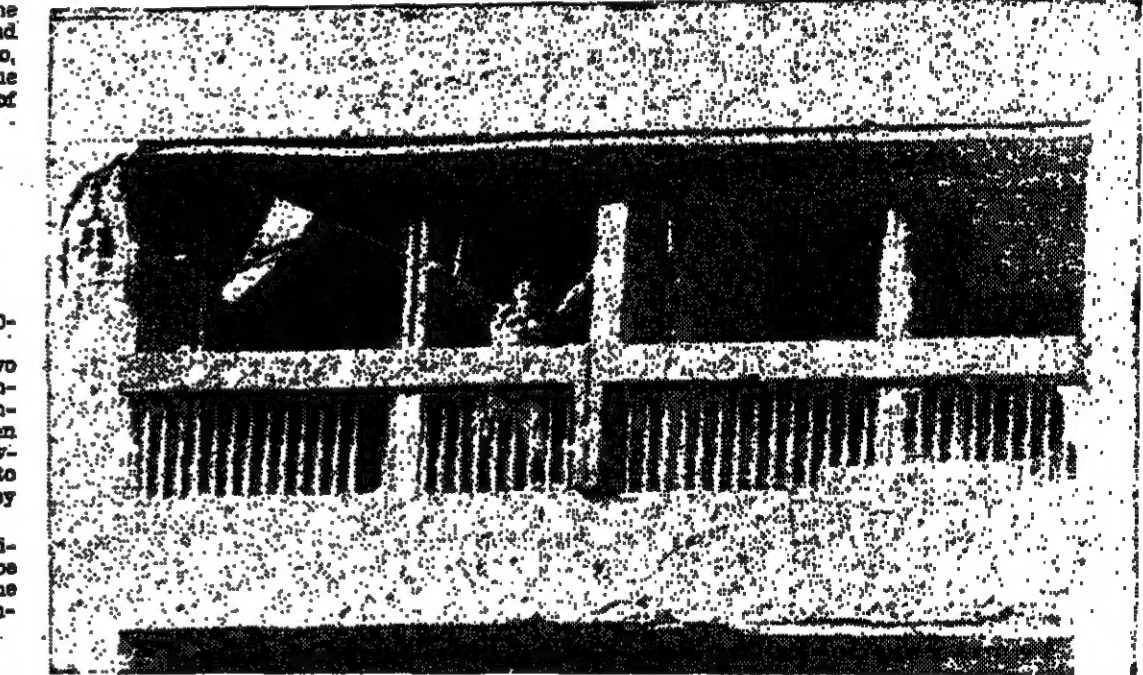
The Prime Minister said Friday's breakdown of talks meant only that "we have come to the end of this sector," not "the end of negotiations." Mr. Nkomo, however, said Friday that the talks had come "to the end of the road."

Vorster Says South Africans Ready to Pull Out of Angola

CAPE TOWN, March 21 (Reuters)—Prime Minister John Vorster said today South Africa was ready to withdraw its last troops from Angola, ending an involvement that pushed it to the brink of a major conflict.

In a statement issued here and at the UN, Mr. Vorster said troops guarding the Caluque Dam, about 15 miles inside Angola from the South-West Africa (Namibia) border, would be withdrawn by Saturday "if certain assurances proved substantial."

The assurances, apparently from the government of Angola and passed on by what Mr. Vorster described as a third party, are believed to concern a guarantee of safety for workers on the unfinished dam—and possibly an agreement to keep it working when completed.



A leftist waves the Lebanese flag from his post inside the Holiday Inn in Beirut.

Argentines Know All About the 'Coups'

By Joanne Omang

BUENOS AIRES, March 21 (UPI)—The Argentine armed forces are ready to take power. Detailed plans for a take-over have been drawn up, including the membership of a new government, a list of persons to be arrested and the text of the first announcement to the population.

"The people of Argentina want to know," the text begins, "and they shall know." The phrase, a time-honored one in the history of Argentine political oratory, would initiate the latest of half a dozen coups here since 1930.

As with previous coups, plans

have leaked in advance and the broad outline has been published both here and abroad. As also with previous coups, the plans are subject to change without notice.

It is intended to be the formal end of the government of President Isabel Peron, 45, who has presided for 31 months over a disintegrating economy and daily terrorist violence.

Expected Soon

Although the precise date is unknown, it is expected to be soon and it is expected to be generally welcomed.

According to sources close to high military leaders, the army commander, Jorge Rafael Videla, 50, would head a new government. As leader of the faction that has held out for months against other officers' pressure for an earlier coup, he is expected either to be titular chief or first among equals in a three-member junta.

Those who have worked in the European drug business classify Italy and Spain as the countries where the most flagrant anything-for-a-sale abuses take place. West Germany and France are put somewhere in the middle in this rough categorization, and Britain and the Netherlands are said to be "cleanest."

Ministry of Health officials in Italy concede that irregular practices have occurred there. But they insist that controls are being tightened to prevent their continuation.

In France, a ranking officer of the drug industry association stated that it is "inconceivable" that there were irregular practices in his country, asserting that French manufacturers look on such practices "with utmost contempt."

A French Health Ministry official also expressed doubt that bribery took place, because there are so many functionaries in approved list.

In Attempt to Restore Calm

Israeli Troops Quit West Bank City

From Wire Dispatches

TEL AVIV, March 21.—The Israeli Army ordered its troops out of the occupied Jordanian town of Hebron today in an attempt to restore calm to the riot-torn area one day before the United Nations Security Council debates anti-Israeli unrest in the West Bank territory.

The unrest began after an Israeli court decision six weeks ago, which in effect legitimized Jewish prayer on the Temple Mount in the Old City of Jerusalem, site of the al-Aqsa Mosque and the Dome of the Rock (Mosque of Omar). Israel has refused to allow Jewish worshippers on the mount despite the court verdict but de-

vout Muslims saw the ruling as an infringement on their authority over the mosques. The mount is the site of the Temple of Solomon, destroyed by the Romans in AD 70.

The Supreme Court, however, ruled today that the Israeli government has the right to bar Jews from praying near the Temple Mount.

Israeli officials expressed hope the ruling would help decrease tensions on the West Bank and in the Old City of Jerusalem.

"Good Judgment"

Bethlehem Mayor Elias Freil, a leading moderate among West Bank leaders, said the decision was "a good judgment and it should have come much, much earlier."

The three-judge panel, ruling on a previously unpublished case, threw out an appeal by a Danish Jew who had been refused permission to pray on the Temple Mount.

The judges upheld a 1970 Supreme Court ruling that gave the Israeli government the right to determine who should pray at the site.

The government is still appealing the Jan. 29 decision allowing Jewish prayer at the site, and Israeli officials said the related Supreme Court decision was a good indication of how the panel would eventually rule.

Defense Minister Shimon Peres announced the withdrawal of troops from Hebron after meeting with Hebron Mayor Ali Ja'bari, who resigned yesterday to protest Israeli handling of demonstrators in his town.

Mayor Ja'bari resigned after Israeli troops stormed Hebron's City Hall seeking stone-throwing Arab youths on the roof. Hebron is the second largest municipality on the West Bank.

The mayor, one of the leading moderates on the West Bank, accused the Israeli army of smashing through the front door with a truck and breaking furniture inside City Hall.

Appeal Rejected

A government spokesman said Mr. Ja'bari turned down an appeal to reconsider his resignation but promised to work with other Arab leaders toward "the restoration of order and calm in Hebron."

A spokesman for Israel's military government on the West Bank reported sporadic anti-Israel incidents in the northern part of Hebron during the morning but said the city was generally calm.

Israeli attempts to ease tension in Hebron were made a day before the UN Security Council meets to discuss complaints by Muslim countries about Israel's occupation of the West Bank. The Israelis will attend the session along with the Palestine Liberation Organization.

Rabbi Is Banned

In another action, the Israeli military government banned a prominent rabbi from Hebron after he allegedly inflamed rioters in the Arab city last week.

The military government banned Rabbi Moshe Levinger, the leader of 1,400 Jews living in a compound near Hebron, from entering the town. Last week, Rabbi Levinger and some of the Jewish settlers in Hebron intervened in army efforts to quell riots and Rabbi Levinger ordered his men to fire at demonstrators if necessary, the military officials charged.

Mayor Ja'bari, 71, was the eighth West Bank mayor to resign in protest since the rioting broke out. None of the mayors has withdrawn his resignation.

Some Israeli analysts see the resignations as designed to win support in municipal elections scheduled for April 12 in 24 West Bank towns.

The Israelis maintained the curfews they placed on three West Bank towns last week but lifted them briefly today to enable inhabitants to buy food.



FATAL BLAZE IN ISRAEL—Four persons—two Swiss, a Norwegian and an Israeli—died Saturday in this fire at a resort hotel in Netanya, 20 miles north of Tel Aviv. Almost 50 others were injured in the blaze, the cause of which was being investigated yesterday.

East Germans Are Enlisted To Help Impoverished Aged

By Ellen Leutz

BERLIN, March 21 (NYT).—An angry social worker rang the doorbell at the suburban home of a family in Eastern Berlin not long ago.

"Why is it you are not doing anything for the old couple next door?" the caller asked the woman of the house, Alice Lehmann, a middle-aged teacher. "As a Communist you know you should give a good example."

Mrs. Lehmann, a party member, seemed surprised and a little embarrassed. "I had no idea my neighbors needed help," she said, explaining that she spent a full day working at school besides keeping house for her own family of three. But she said she was willing to do what she could.

The encounter at the doorstep was part of a Communist drive to seek volunteers who could be called upon to reach out to the elderly and take over private responsibility where the socialist state was unable to afford official aid programs.

No Nursing Homes

According to the statistics, 97 per cent of East Germany's aged live in private households, many of them alone. There are no private nursing homes for the elderly in the country and the few state-run facilities that exist have long waiting lists.

Essentially the situation is no different from other industrial societies, where family structures no longer prevail and the elderly

are left to cope by themselves. In East Germany the problem is pressing because of the disproportionately high number of old people.

Moreover, the tight economy and spiraling import costs have sapped funds elsewhere, barring increases for the relatively low pension funds. Many old people, dependent solely on minimum state payments, live in poverty.

"We have five elderly persons in our neighborhood who have only minimum pensions of less than 250 marks (about \$100) a month," a reader named Max Schmidt wrote the party paper, Neues Deutschland. "No one living alone can subsist on that amount."

Other East Germans also appealed to the party in open letters, but officials let it be known that in the five-year period ahead no increases were feasible. The last time pensions were raised was in 1973.

Going to West

"Once my husband reaches retirement we will consider going to West Germany because we cannot make both ends meet with what we are going to get here," said Herta Zimmermann, an East Berlin cleaning woman. "I would have to live on 60 marks a month and I am 63 now," she said. "In the West we could live well and think of traveling."

West Germany not only has a remarkably generous pension plan for its own citizens, with annual increases based on average wage incomes, but also includes all East Germans in its services as soon as they arrive in the West. (Medical care is free for the aged in both East and West Germany.)

The East Germans say they are setting up a network of social contacts that helps the elderly overcome isolation and hardship.

"We will not abandon or leave behind any of our older citizens," Ludwig Mecklinger, the health minister, said at a conference. He said one essential element was to try to find suitable places for those who wanted to keep on working beyond retirement age.

About 670,000 East German pensioners are currently employed, he said.

Family Gets Message

IN CARACAS KIDNAPPING

CARACAS, March 21 (AP).—The family of a kidnapped U.S. glass company executive, William Niehaus, has received a message from his captors that makes it clear he is alive, a spokesman said.

The message makes no specific demands but opens the way to negotiations for his release, according to the spokesman for Owens-Illinois, the Toledo-based firm whose Venezuelan operations are headed by Mr. Niehaus, 44.

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Only 270 Advisers to Stay

Thailand Orders U.S. Forces Out

By David A. Andelman

BANGKOK, March 21 (NYT).—The government has ordered the United States to close its remaining military installations in Thailand and withdraw all its military personnel, except 270 military aid advisers, in the next four months.

The United States terminated operations at all its facilities today in preparation for the withdrawal.

The decision followed a two-hour meeting of the Cabinet following a deadline in year-old negotiations on the future of the U.S. military presence in Thailand. The troops are the last U.S. forces remaining in Southeast Asia.

On March 19 last year, Premier Kukrit Pramoj told reporters that "within one year, all American troops will be gone from Thailand." The ultimatum was later modified to mean "combat forces" and these, according to U.S. officials, were withdrawn by Dec. 31.

The 4,000 U.S. personnel now in Thailand are noncombat personnel and the United States had been negotiating in hopes of keeping about 2,000 to operate certain installations.

After Friday's Cabinet meeting, Mr. Kukrit summoned Ambassador Charles Whitehouse to hand him the decision, which would end a 25-year U.S. military presence in Thailand.

270 to Stay

All but 270 military aid personnel, who will administer the military assistance program that is expected to amount to \$4.1 million next year, will receive orders to leave. In addition, the sprawling U-Tapao Air Base will be turned over to the Thai government without any U.S. access permitted.

The United States had sought retaining rights for military planes going to the U.S. base on Diego Garcia in the Indian Ocean.

The Bangkok electronic monitoring base in Thailand, which will also be dismantled and shipped out of the country as well as the missile station near Chingmiao, used to monitor Soviet and Chinese underground nuclear tests.

Responding carefully in his Oxford-accented English and in Thai to journalists, Mr. Kukrit said the government had made the decision because agreement could not be reached on the question of Thai jurisdiction over personnel. The United States wished to keep them.

Other East Germans also appealed to the party in open letters, but officials let it be known that in the five-year period ahead no increases were feasible. The last time pensions were raised was in 1973.

Going to West

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critical political campaign in which it is now entangled and safely past the elections of April 4, in which the question of the U.S. presence is a key issue.

Mr. Kukrit refused to rule out a reversal of the decision by a subsequent government in which he is most likely also to play a prominent role.

Thailand has been under pressure both from within and from its neighbors, the new Communist state of Indonesia, to eliminate the U.S. presence. But Mr. Kukrit insisted that it was not Bangkok's demands that con-

vinced Thailand to order the troops out.

4 Die in Violence

BANGKOK, March 21 (UPI).—Pro-U.S. demonstrators today killed at least 10 persons in a riot in Bangkok, Thai officials said.

The riot broke out after the U.S. Embassy announced that it was withdrawing all U.S. troops from Thailand.

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Aides Predict Progress at Talks on Sea

UNITED NATIONS, N. Y., March 21 (AP).—The 156-nation conference on the law of the sea has ended its first week of negotiations with little concrete progress but undiminished optimism.

"There is absolutely none of the confrontational policies that dominated at Caracas and Geneva," said a leading U.S. negotiator after the initial round of closed-door talks.

The first two sessions of the conference—in Caracas in 1974 and in Geneva last year—were largely paralyzed by ideological rhetoric. The conference is seeking to draft a law governing all uses of the oceans—mining, fishing, navigation, research and pollution.

Delegates agreed that it was too early to predict the outcome of this session after a week dedicated mostly to procedural and organizational matters. But they said a sense of urgency and cooperation had replaced the disputes of the earlier meetings.

"Many chiefs of delegations who have spoken with me have used the expression, '1976 is the year of decision,'" said Chief U.S. Delegate Vincent Lozano.

The key issue is shaping up over a series of compromise articles proposed by Paul Rago, chairman of the committee dealing with mining the deep seabed. Developed and developing countries are divided over mining rights to an estimated \$3 trillion worth of mineral-rich nodules found in the deep seabed beyond the jurisdiction of any country.

Everyone has agreed that an international authority should be set up to regulate such mining but delegates have split widely over the composition and powers of the authority.

To break the impasse, Mr. Rago made these proposals:

- The authority and private firms would both exploit the seabed, with approximately equal plots.

- The authority would get only general supervisory powers over private miners, not the direct control demanded by the developing countries.

- To protect the markets of countries that depend on the export of mineral resources, like Zambia, Zaire, Peru and Chile, the number of private firms permitted to mine the deep would be limited to a fixed period. During that time, the land-based producers, deep-sea miners and the authority would be encouraged to reach a commodity agreement.

- To protect the United States and other states developed against a hostile majority taking over the authority, executive powers would be vested in a council on which voting would be weighted by interests.

At the end of the first week, the Rago text was circulating informally. Committee sources indicated that Mr. Rago was unwilling to introduce it into the negotiations until he had some indication of its chances of success.

U.K. on Summer Time

LONDON, March 21 (UPI).—Britain officially changed to summer time today when all clocks were put forward an hour. This put Britain's time one hour ahead of Greenwich Mean Time.

Swiss Voters Rebuff Worker Participation

BERN, March 21 (Reuters).—Swiss voters today overwhelmingly rejected proposals to give workers a constitutional right to a vote in management.

Two proposals on worker participation failed to get more than one-third support from Switzerland's electorate of 3.5 million voters.

Results from Switzerland's 26 cantons showed a 2-to-1 vote against a trade-union-sponsored proposal empowering parliament to legislate on participation at all levels of industry and business. A parliamentary counterproposal limiting worker participation to plant level won only 31 per cent of the vote.

The electorate also voted against a plan to do away with Switzerland's tax havens and to increase duty on wine and beer by taxing drink according to alcoholic content.

Mihajlov Said To End Fast In Yugoslavia

By Dusko Doder

BELGRADE, March 21 (WP).—Mihajlo Mihajlov, the imprisoned Yugoslav author, has decided to end his hunger strike after the authorities promised to meet some of his demands, according to friends who visited him yesterday.

The dissident author, who was sentenced to seven years for his critical essays published in the West, has been on a hunger strike since Dec. 6 to protest his harsh prison regime. He was reported to have lost nearly 50 pounds and his condition was said to be very serious.

For the last 13 days, Mr. Mihajlov, 41, had been held in the hospital of the central prison here, where he had been under medical care.

According to his friends, the authorities have agreed to permit Mr. Mihajlov to receive books in the prison, to have a transistor radio in his cell and to heat the cell during the day. A demand that political prisoners be separated from common criminals was rejected, however.

After the author and police officials reached agreement, Mr. Mihajlov was transferred from the prison hospital to his cell in the Sremska Mitrovica Prison, about 40 miles west of Belgrade. His friends were heartened by the compromise, which will go into effect tomorrow.

Mr. Mihajlov is said to have been given glucose during his stay at the hospital but there have been no attempts to force-feed him. However, the authorities are said to have made it plain that they would have considered that option had he refused to compromise.

Mr. Mihajlov, a former university lecturer in Russian literature, was imprisoned more than a year ago for having written several articles critical of President Tito's government.

Hands. But the informant said it "undoubtedly" had. A Milan executive who was said to have made the financial arrangements now works for a different company in the same city. Efforts to reach him were not successful.

Again in Italy, according to a source familiar with the situation, a multinational company got authority, after bribing fiscal inspectors, to sell throat lozenges at import prices that it then arranged to make locally at low cost. The practice was said to have continued for around 15 years in the 1950s and 1960s before the company decided it should "regularize" its position.

Another industry source said "bribes" of a few thousand dollars were all that was needed in Rome to get full copies from the Ministry of Health of new drug registration files. This eased the way for "pirates," usually small manufacturers, to deal in products based on patent infringement.

Winthrop Laboratories of Britain has an annual symposium at Deauville. Servier Laboratories of France runs an annual conference at Megève. Abbott Laboratories and Richardson-Merrell, both Americans, have held conferences in Nice.

Aside from the wooing of doctors and public officials, drug companies have adopted some questionable practices in promotions at pharmacies.

In France, manufacturers offer "bonuses" under-the-counter packets, tubes or vials for every dozen ordered by the pharmacist—as many as 18 for 12, an insider reported. That gives the pharmacist a strong incentive to sell maximum quantities of the product under promotion.

Giselle James-Safar, pharmaceutical adviser to the French social security system, found in an analysis by her department that because of the rather vague orders written by doctors, such as "take according to need," pharmacists tended to deliver maximum quantities of even very toxic drugs.

Since drugs represent an important item in the total expenditures of the health insurance funds—22 per cent in France, 17 per cent in West Germany and 10 per cent in Britain—and since most of the funds are now in deficit, there has been increasing pressure to get drug prices down, to tighten up on new drug registrations and to reduce the number of refundable products.

In Italy, the number of drugs refundable by the main government insurance organization was cut to 6,000 from 16,000 in 1972. All countries are more severely scrutinizing the "me, too" products, those with essentially the same therapeutic characteristics of existing drugs.

In France, a therapeutic improvement must be demonstrated before a drug becomes refundable.

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Miss Hearst Doubtful She Ever Had Chance

FRANCISCO, March 21.—Hearst's chief defense lawyer, Lee Bailey, said yesterday that the newspaper heiress had a "chance" of winning an acquittal, but she was "quite disappointed" by the verdict.

"She was disappointed," Bailey said of Miss Hearst's reaction to the verdict. "I'm sure she was disappointed. I'm sure she was disappointed. I'm sure she was disappointed."

He said that his client had been "quite disappointed" by the verdict. "I'm sure she was disappointed. I'm sure she was disappointed. I'm sure she was disappointed."

Asked about the 11 state charges that his client faces in Los Angeles, Mr. Bailey said: "I wonder what the state would gain down there by additional punishment."

The U.S. prosecutor, James Browning Jr., said that the bank robbery conviction "is going to bear out that criminal justice in the United States works very well."

He said he was not surprised by the verdict, explaining: "It could have gone either way, but the evidence [for a conviction] was there."

Mood Still Conservative e-Collar Voters Appear Be Turning to Democrats

By William K. Stevens

ST. LOUIS, March 21 (AP).—Enter Mr. Santorusso. Asked to take in informal survey among his acquaintances and co-workers last week, he reported that Gov. Wallace appeared to be losing support as a result of defeat in early primaries. Mr. Santorusso was reported to be favored by some over President Ford.

But any Democrat with appeal could well beat any Republican this time around, Mr. Santorusso reported.

His impressions were borne out in random interviews with other ward residents, leading to the conclusion that the Democratic party now has an opportunity to regain the allegiance of the Fifth Ward's residents.

But what Democrat is there? "The Democrats have no candidate," Mr. Santorusso said. "If they did, they'd win."

What kind of candidate are such voters now looking for? "Someone who's down on big government," Mr. Santorusso said. "That's Carter, isn't it?"

That is the kind of talk Mr. Santorusso likes to hear. Right now, however, it seems clear that Mr. Carter still has more enthusiasm among the mass of Ward 5 voters than any of his rivals. "We just don't know him," said a street at another bar up the street. "He should come up here and buy us a drink."

What has led to the search for a new Democratic champion does not necessarily mean any weakening of conservative sentiment among the ward's voters. It is rather that they are becoming convinced that Gov. Wallace cannot win. So they are looking elsewhere.

"He's getting whacked good," said Salvatore Laviano, who runs Sam's Barber Shop. He and others believe that voters elsewhere who might have preferred Gov. Wallace simply are dropping away from him because of doubts about his physical condition.

Likewise, but less obviously, confidence in Mr. Ford seems to be waning. Some Reagan supporters, like Casimir Balaban, a Polish-American who runs a cheese stand in a farmers market, still believe he will win the nomination. If he does not, Mr. Balaban said, he will vote Democratic in November.

Ellen Girls Led on Street Custody Fight

YORK, March 21 (AP).—Spoklyn district attorney will decide this week whether to file charges against the girls in the custody battle and against the two young daughters of the woman who was shot and killed by one of the great fortunes in the United States.

The girls, Catherine, 7, and the 5-year-old were with their mother and were safe and well, said yesterday. But no one was saying where.

Mr. Mellon's former wife had Friday after they were abducted by three men in a car. The operation that in automobiles and private homes. "I'm afraid that I see my children again because of the power my husband has in Pennsylvania." The abduction took place on a street in New York.

The girls have been caught in state custody between their mother and the woman who was shot and killed by one of the great fortunes in the United States.

United States District Court
For the Northern District of California

THE UNITED STATES OF AMERICA

vs.

PATRICIA CAMPBELL HEARST

CA-74-344 03C

VERDICT

WE, THE JURY, find Patricia Campbell Hearst, the defendant, at the bar, guilty as to count one of the indictment and as to count two of the indictment.

March 20, 1976

William L. Whitaker
U.S. District Court
San Francisco, California

A copy of the verdict rendered by the jury Saturday in Patricia Hearst's trial.

was swayed by a defense based on a blatant fabrication of reality—a defense that was designed by Bailey and the Hearsts not only to get Patricia an acquittal but to characterize revolutionaries as "rapists" and "brainwashers" and in the process, to callously incriminate many other innocent people.

Los Angeles County District Attorney John Van de Kamp said that Miss Hearst would be transferred to the federal case.

Hare Krishna Cover-Up Disclosed; Members Sport Toupees in Public

LOS ANGELES, March 21.—Something new has been added to the Hare Krishna movement: the toupee.

Many members are wearing hairpieces on their shaved pate while they are soliciting donations and distributing literature. And Hare Krishna members of both sexes are shedding their saffron-colored robes in favor of more traditional dress in public.

"We sort of freak out people with our normal appearance," said Hare Krishna member John Robinson, 27. "U.S. culture is so aesthetic that people get upset when they see anything religious," he said.

Mr. Robinson, who was canvassing at Los Angeles International Airport, doffed his brown toupee to reveal a head devoid of hair except for one lock on top.

The lock is there, devotees say, so Lord Krishna can yank members of the sect into heaven.

Mr. Robinson was asked if he felt comfortable wearing the toupee.

He shrugged. "I am not my body," he said.

He affected a sporty look with an orange shirt—on which he wore a Krishna identification card—black slacks and tennis shoes. He was teamed with Terry Daum, 19, who was also wearing a toupee.

Both live at a local Hare Krishna temple that supplies them with the wig—which are all brown—and the clothes. Another member said it had been a good day—a \$5 bill was visible in his bucket—but not as good as the day he handed out 55 books. "We ask for \$5 donations for the books," he said.

Asked if his bucket and books felt heavy after he had been standing for nine hours, he replied: "Just living in a material world is heavy."

Congress Ethics Units Appear Blind on Gulf Oil Payments

WASHINGTON, March 21 (AP).—In the last few months, 32 present or former U.S. senators and more than two dozen present or former House of Representatives members have been cited in court depositions as possible recipients of campaign-fund largesse from Claude Wild, the Gulf Oil Co. ex-lobbyist.

Depositions by Gulf lawyers, based on notes of conversations with Mr. Wild, allege that Gulf spent \$12 million from about 1960 to 1972 on payments to politicians—a bit less than half of it in the United States, the rest abroad.

Mr. Wild, according to the depositions, liberally distributed cash to leading political figures of both parties. Under federal law, it is a crime to use corporate money for contributions in federal political campaigns.

Alleged recipients include some of the biggest names in Congress, such as the Senate minority leader, Hugh Scott, R-Pa.; the Senate Finance Committee chairman, Russell Long, D-La.; the Senate Ethics Committee chairman, Howard Cannon, D-Nev.; and the House majority leader, Thomas O'Neill, D-Mass., as well as President Ford when he was a House member.

Yet it is almost certain that few of these men will ever be prosecuted in court—even if it can be established with reasonable certainty that they knowingly accepted illegal corporate contributions. The three-year statute of limitations on most of the alleged violations has already run out.

That would leave the House and Senate ethics committees as the only vehicles for punitive action—motions of censure, condemnation and conceivably even expulsion. But judging from past records, major action there is unlikely.

A dozen of the House members named in the court depositions are still in the House and therefore directly under the discipline of the ethics panel, known formally as the Committee on Standards of Official Conduct. But it is doing nothing. "All we

know is what we read in the papers," a spokesman said. "We've got to get a complaint" before acting, "and no one has complained so far."

The House Administration Committee has some jurisdiction over election-law violations, but it is not doing anything either, according to a spokesman. "The reason is, nobody asked."

In the Senate, the ethics committee—officially, the Select Committee on Standards and Conduct—has held several closed meetings to look into the allegations, particularly those against Sen. Scott and including those against chairman Cannon himself. But most members, according to a source, were notably unenthusiastic about investigating the powerful and popular Sen. Scott, despite complaints by one member that the Gulf scandal simply will not blow away and that the ethics committee must not appear to be ignoring it.

Rarely do the ethics committees act unless the transgression has severely offended fellow members. As Fred Wertheimer of Common Cause, a critic of congressional campaign financing methods, describes the ethics committees, "They have an almost spotless record of inactivity. They are there to provide a shield."

The allegations against Sen. Scott were clearly the most serious. It was alleged that his Philadelphia law firm had received a retainer from Gulf for years and that when Gulf stopped it the company began paying Sen. Scott \$30,000 each spring and fall, not for political contributions but for his own personal and office use.

Political Contributions

He has denied that the money was for his own use. He has said it was all for political contributions that he had been led to believe were from legal private donations. He said that he used the funds in his own campaigns or passed them on to other, unnamed, senators for theirs. He has said repeatedly that he expects his name to be cleared.

The list of alleged Gulf beneficiaries is lengthy and includes President Ford, said to have received \$20,000 while serving in the House. CIA director George Bush, while he was a House member but running for the Senate in Connecticut in 1970, is said to have received \$10,000. Sen. Henry Jackson, D-Wash., allegedly received \$10,000 and Sen. Robert Humphrey, D-Minn., \$25,000.

U.S. Is Said To Broaden Probe of FBI

WASHINGTON, March 21 (AP).—An investigation of alleged financial corruption within the FBI has been broadened to include three top aides to Director Clarence Kelley, according to The Washington Post.

The investigation now includes Associate FBI Director Nicholas Callahan and Deputy Directors James Adams and Thomas Jenkins. The Post said in today's edition. The aides are holdovers from the staff of the late J. Edgar Hoover.

Attorney General Edward Levi, dissatisfied with an internal investigation at the FBI, has ordered the bureau to reopen a probe of alleged kickbacks in its purchases of eavesdropping equipment.

The original FBI probe exposed John Mohr, the FBI's No. 3 official under Mr. Hoover and now retired, of any illegal acts in connection with his relationship with Joseph Tait, president of U.S. Recording Co., a supplier of electronic surveillance equipment to the FBI.

Justice Department and FBI sources said Friday that Mr. Kelley had taken the probe from the bureau's Inspection Division and put it under the direction of Richard Ash, assistant director in charge of the Identification Division.

The Post said that although Mr. Mohr remains the principal target of the new investigation, it has been broadened to include the three top aides of Mr. Kelley, at least 20 other present or former FBI officials and several new areas of questionable conduct.

Asked about the Post article, a Justice Department spokesman said last night: "I can't comment beyond saying there is an investigation going on."

French Charges Rejected by U.S.

WASHINGTON, March 21 (Reuters).—The State Department has rejected French charges that its warnings against Communist participation in the Italian government would call for a U.S. reassessment of its relations with Italy.

He said he would not specifically respond to charges made last week by French Prime Minister Jacques Chirac that the U.S. position represented intervention in French internal affairs. But Mr. Fumet added, in clear reference to Mr. Chirac's remarks: "We do not accept the proposition that statements by U.S. officials on our views of the effect on NATO of Communist participation in West European governments in any way constitute interference in the internal affairs of any of these governments."

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Chile Is Acid Test for Friedman Economics

By Jonathan Kandell

SANTIAGO, March 21 (NYT).—It is not often that a leading economist with strong views is given a chance to test specific prescriptions for a very sick economy. It is even more unusual when the economist's client happens to be a country other than his own.

Milton Friedman, a University of Chicago professor, has achieved precisely this status in Chile today. Hardly a week passes without a reference to his name or his theories in the local newspapers and magazines. Virtually all members of the right-wing economic team have either studied under Prof. Friedman or consider themselves "Chicago boys"—disciples of the professor's conservative, monetarist principles.

Prof. Friedman's views on the Chilean economy have also been largely supported by the U.S. State Department, foreign businessmen and bankers and an impressive array of international organizations including the World Bank, the Inter-American Development Bank and the International Monetary Fund.

At the same time, however, Prof. Friedman has been under intense criticism by his liberal colleagues in the U.S. academic community who reproach the professor for identifying himself with a government notorious for its violations of human rights and for carrying out economic policies that have shifted the heavy burden of sacrifice to the poorest Chileans.



Milton Friedman

Chile's economic theories have not received a fair test because of factors beyond their control.

Government Explanation

For the government, the economic setbacks are mainly explained by the chaotic situation inherited from the Allende years and by an unfavorable international economic situation.

Inflation reached an annual rate of more than 700 per cent toward the end of the Marxist government. There were already sharp declines in every economic sector—industry, mining and agriculture.

When Allende assumed power in 1970, there was about \$500 million in foreign exchange reserves and a foreign debt of about \$2 billion. When his government fell, the foreign debt had mushroomed to \$5.5 billion and there was only \$3 million in reserves.

The junta's economic team argues that the balance-of-payments situation—already disastrous because of the Allende inheritance—has been made even more precarious by the quadrupling in the cost of oil imports and the low price for copper, Chile's main export.

Western European governments have refused to renegotiate Chile's foreign debt on the grounds that human rights continue to be systematically violated by the junta.

To avoid a default, the junta must pay about \$750 million in debt service, equivalent to about 45 per cent of its projected export earnings for this year. This, the government contends, is the real cause of inflation because exchange earnings would be far better spent on imported machinery that would reduce industrial costs and on cheaper imports that would force down the price of Chilean products.

Spending Is Blamed

Prof. Friedman would take issue with this explanation for the failure of his economic theories in Chile. On a trip here a year ago, he bluntly told the

government that it should stop attributing its troubles to the Allende debacle and the international economic situation. The real culprit for rampant inflation, he maintained, was government spending.

The only solution, he said, was to cut the bloated job rolls in government, sell off deficit-ridden public enterprises to the private sector, reduce the printing of money and restrict credit. The forces of supply and demand in a free market economy would eventually bring about price stability.

Prof. Friedman would argue that these suggestions—known in Chile as "the shock treatment"—have been only partially carried out and thus the failure to contain inflation.

The junta, on the other hand, feels that, with unemployment already at record levels and production still falling, it cannot afford to impose the even more stringent austerity measures he is suggesting.

But a growing number of disgruntled economists, businessmen, trade unionists and non-Marxist politicians believe that the real problem is that Prof. Friedman has picked the wrong country to test out his economic theories.

Monopoly Situations

Almost every economic sector is dominated by one or two companies. With monopolies or near-monopolies the rule rather than the exception, the price of goods is unresponsive to demand.

Government advertisements advise Chileans to shop around and look for the cheapest price before buying. But there are many products on the market that are produced by only one or two firms. A partial list would include cement, glass machine tools, chemicals, fertilizers, paper and beer.

Critics of Prof. Friedman's economic theories argue that businessmen in key economic sectors are raising their prices because they find it more profitable to sell more expensive goods to a dwindling number of clients, rather than taking a chance at selling cheaper goods to a greater number of clients.

In the not-so-long run, it is a self-defeating process. As production falls, the economic pie gets smaller, bankruptcies and unemployment increase, and the chances of national recovery become dimmer and more distant.

But beyond the squabbles over the efficacy of Prof. Friedman's theories, critics of the professor point out that their application requires the continuation of an unusually repressive political system. The "shock treatment" could only be carried out by stifling criticism in the media, banning political parties and shackling labor unions—all of which the junta has done with singular success.

Revived Atlanta 'Underground' Is Slipping

By Jeff Prugh

ATLANTA, March 21.—It looks like an 1890s ghost town recycled beneath its own tombstone. The very name—Underground Atlanta—conjures up visions of the post-Confederacy South.

That is partly what its promoters hoped to capitalize on seven years ago when they transformed two blocks of Atlanta's deserted underbelly into the city's best-known fun zone—a cluster of shops, restaurants and nightclubs.

Walk among the gaslit streets in this old railroad and warehouse district, now camouflaged by concrete viaducts, and you step into a time capsule. The past and present exist side by side here. But the crowds have dwindled and the future of Underground Atlanta is uncertain.

Actually, the Underground is not underground; it just seems that way.

In the 1890s, long after Atlanta had risen from the ashes of the Civil War, the townspeople complained that trains chugging through the downtown area were clogging traffic and killing businesses as well as an occasional pedestrian.

Upstairs and Downstairs

Up went concrete overpasses over several downtown streets and rail crossings. And up went the shops and restaurants and other assorted businesses from the ground floor to the next floor up, leaving the ground floor to serve as basements or warehouses or loading docks.

The abandoned streets became a dank and dreary eyesore for decades.

But at last Underground Atlanta was born, and from the first it teemed with crowds and with fancifully named shops, symbolic of the old city. Ruby Red's Warehouse, Kenney's Alley and the Burning of Atlanta Bar.

But now the sights, sounds and crowds are confined more and more to Friday and Saturday nights. Business has dwindled sharply during the last two years. Debt-ridden shopkeepers and club operators are moving out.

Both the recession and fears of crime, if not crime itself, have prompted many Atlantans to go to the outskirts for nightlife, leaving downtown Underground to convention delegates and other visitors.

While the Underground itself

Stun Gun Used In Self-Defense Ruled a Firearm

WASHINGTON, March 21 (AP).—The Taser, an electric dart gun intended as a self-defense weapon that only stuns the attacker, has been classified by the government as a firearm which must be registered when manufactured after May 1.

Ray Davis, director of the Bureau of Alcohol, Tobacco and Firearms, said his agency undertook a study of the Taser because of increasing reports of its use by criminals.

He said the ruling that it is a weapon eliminates the necessity of further action by the Consumer Product Safety Commission, which was considering a move to ban the flashlight-shaped Taser as a hazardous product.

The ruling by the bureau, part of the Treasury Department, voids a 1975 letter from the bureau telling Taser manufacturers that the device was not a firearm.

That letter noted that bars expelled by the Taser remained attached by wires to the device and, thus, were not projectiles under the Gun Control Act. But the new ruling discounts that and says that because these bars, or projectiles, are expelled by the action of an explosive, the Taser qualifies as a firearm.

Professional Status For Witchdoctors

PORT MORESBY, Papua-New Guinea, March 21 (Reuters).—Witchdoctors in Papua-New Guinea may soon have to prove their skills to medical authorities before being allowed to practice their craft.

The Papua-New Guinea Parliament passed a resolution last week calling on the government to register all witchdoctors. Provincial Affairs Minister Oscar Tammur said the regulations should distinguish between witchdoctors who robbed patients by false pretenses and those who could in fact cure illnesses.

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K. Popular Press Expresses arp Criticism of Margaret

From Wire Dispatches

LONDON, March 21.—Britain's press today directed rare fire at Princess Margaret, the 45-year-old daughter of King George VI, in a 15-year-old marriage to Lord Snowdon, the 45-year-old son of the Duke of Devonshire. The couple's separation was announced Friday. The press said the couple's close relationship had been the first stage in an "unavoidable divorce" years ago.

A public criticism of any of the royal family is unprecedented in British newspapers and magazines, if at all, by its intensity. But the divorce today with the most unanimous criticism, public has the right to know whether Princess Margaret is setting the sort of example for the royal family, the Sunday People in a page editorial. "If her life isn't going to measure up to royal standards, wouldn't it be better to withdraw her from the public eye?"

Arch Report More Study Turin Shroud

AN CITY, March 21.—A seven-year investigation of the Shroud of Turin cannot be dismissed as a leader of the study said yesterday.

The experts recommend more tests on what is said to be the linen wrapped around Christ's body in the 14th-century relic in a silver chest.

Cottino, an American, said by telephone from where the 14-by-3-foot relic is kept in a silver chest.

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Cos Pressed Successor

LA, March 21 (UPI).—The town and city council today voted to name Ferdinand Marcos as a successor to President Ferdinand Marcos, a year was named gov't metropolitan Manila by island, would be a successor, as chief executive.

Other council left it to Marcos to name his own successor, with one group urging a succession decree be issued to a national referendum. Mr. Marcos has been ruling since he proclaimed martial law in September.

nd Bomb Factory bered in London

LONDON, March 21 (AP).—A 15-year-old anti-terrorism law announced today, it has a second Irish guerrilla factory and detained five of a woman following five incidents in London this year.

The law allows the seizure of explosives, detonators and other bomb-making materials in a house at Lavender, south London occurred last night, two days after the 17 of a bomb factory in a neighborhood, Scotland.

m's Flambé

LA, March 21 (AP).—Fire at early today in the staff room of Maxim's restaurant. No one was hurt but the damage was caused.

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entirely from the royal family business."

The newspaper, with a readership of more than 4 million, added: "The royals are hard workers but Princess Margaret has for the past few years been one of the least active members of the family. To be frank she hasn't earned her \$25,000 (\$87,000) a year."

Anne Bore Brant

The Sunday Mirror, which also has a mass readership, said that Princess Anne had quickly borne the brunt of Princess Margaret's duties, and added:

"In general Margaret will have to make it abundantly clear to everyone that she is willing to turn her back on the frivolous, often bordering on irresponsible, social set which has fascinated her for so long."

The royal family are now, so to speak, thin on the ground and her recent inability to carry out her fair share of royal duties is causing deep concern both in palace and government circles," the Sunday Mirror added.

Initial reaction from the Church of England, friends of the family and the press, expressed sympathy for the couple and their two children, Viscount Linley, 14, and Lady Sarah Armstrong-Jones, 11.

Last Royal Crisis

Moreover, the reaction made it clear that the separation, which was expected, did not carry the same ring of scandal that followed the last major royal crisis, the abdication of Margaret's uncle, King Edward VIII, in 1936 to marry a divorcee, Wallis Warfield Simpson, the Duchess of Windsor.

One reason for the muted reaction was that Margaret is only fifth in line to the throne, while Edward VIII gave up his crown. A second reason was that separation and divorce are far more commonplace now than 30 or 40 years ago.

But what has further shaken the royal family—and chilled public reaction to Margaret—was Lord Snowdon's brief television statement in Australia that was seen across Britain. Lord Snowdon, in Australia for an exhibition of his photographs, seemed on the verge of tears.

He said that he was "desperately sad" at the breakup. He asked for "understanding" from the two children and wished Margaret "every happiness in the future."

Lord Snowdon said, in conclusion, that he wanted "to express with the utmost humility my love, admiration and respect. I will always have for her sister, her mother and, indeed, her entire family."

Dissident Loses
Plant in Algeria

ALGER, March 21 (AP).—A government decree late yesterday announced the nationalization of a plastic-tube factory owned largely by Mohammed Khereddine, one of the four leaders of the Algerian war of independence, who published a manifesto earlier this month denouncing the regime of President Houari Boumedienne.

The 350 workers of the factory, where production has been halted since the strike began Wednesday to protest the manifesto, demanding seizure of the factory and "exemplary punishment" for Mr. Khereddine.

The manifesto, the first open sign of political dissent in Algeria in more than a decade, accused President Boumedienne of setting up a dictatorship and pushing the country toward war with Morocco against the will of the Algerian people. It was also signed by Ferhat Abbas and Benyoucef Ben Khedda, the two successive presidents of the pre-independence Algerian government-in-exile. All four signatories reportedly are under house arrest.

Togo and Benin
To Reopen Border

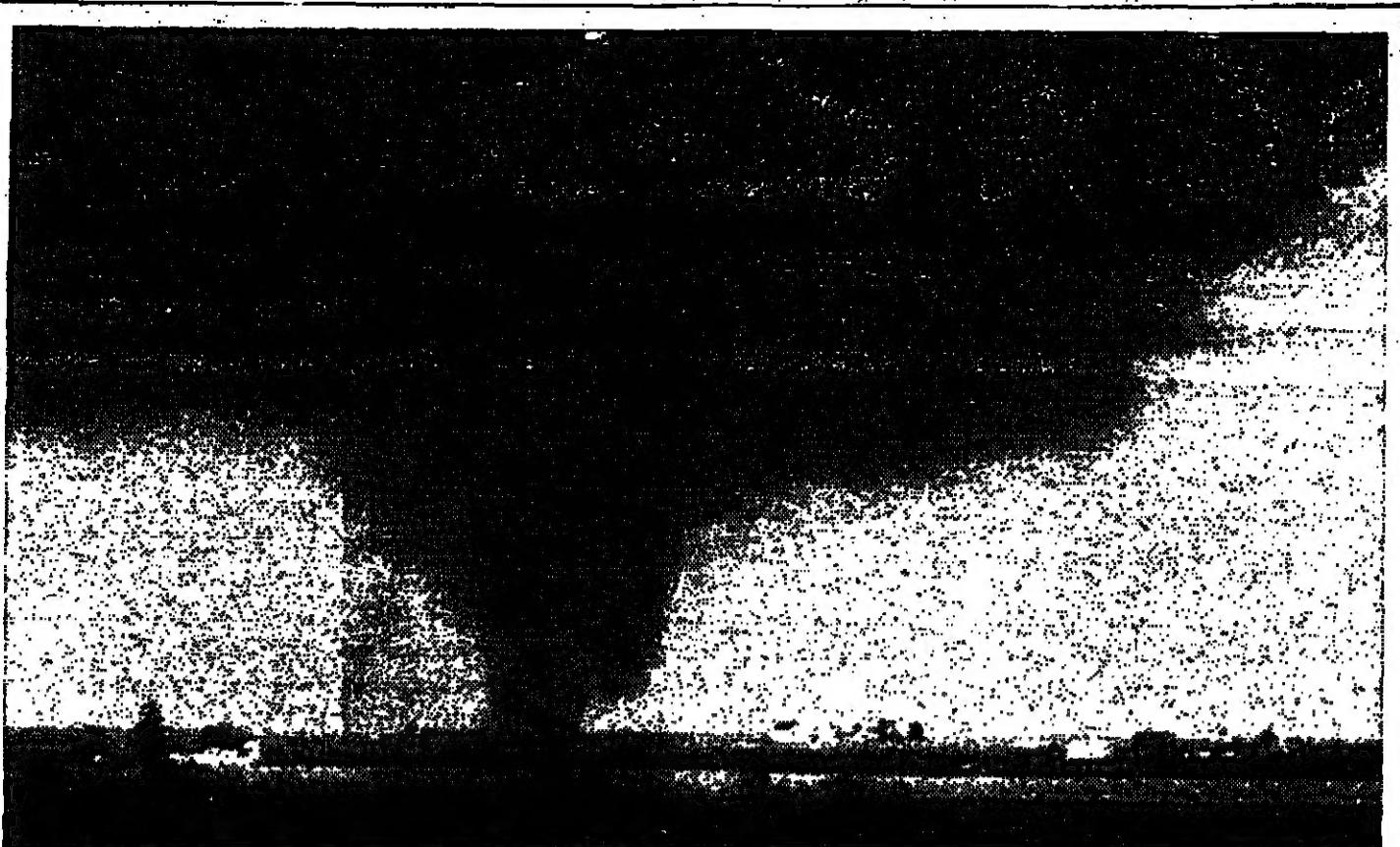
DAKAR, Senegal, March 21 (AP).—President Sékou Touré of Guinea presided over the reconciliation in Conakry of the leaders of two warring African states, Togo and Benin, Radio Conakry reported.

The broadcast, monitored here yesterday, said President Sékou Touré of Guinea and President Mathieu Kérékou of Benin (formerly Dahomey) became reconciled at a summit meeting convened by Mr. Touré. They agreed to reopen the Togo-Benin border. The border was closed by the Benin government in October following allegations that Togo was allowing "reactionary elements" among political exiles to infiltrate Benin territory. The border closure cut land traffic between Ghana and Nigeria.

16 Egyptian Ministers
Sworn at Sinai Rite

CAIRO, March 21 (UPI).—President Anwar Sadat today swore in 16 members of Egypt's new 32-man Cabinet at El Qantara, the largest town in the Sinai.

El Qantara was the scene of some of the most bitter fighting with Israel. Premier Mamdouh Salem, who also attended the swearing along with Vice-President Husni Mubarak, announced the shuffle Friday.



TWISTER TOUCHES DOWN IN ILLINOIS.—One of several tornadoes that hit the Middle West and South over the weekend striking Champaign-Urbana. Two persons were killed in Michigan and an undetermined number of injuries were reported there and in Illinois as well as in the states of Indiana, Louisiana and Arkansas.

Strike Cancels Giscard's Large Gala at Opéra

PARIS, March 21 (AP).—A strike by Paris Opera stagehands caused French President Valéry Giscard d'Estaing to cancel an opera soirée to which he had invited 1,500 persons last night.

Mr. Giscard d'Estaing, saying that he wanted to change the tradition of society galas at the Opéra, had invited 1,500 persons from around the nation—persons who have "particularly distinguished themselves in various spheres of activity"—to see Mozart's "The Abduction from the Seraglio."

Announcing cancellation of the event, a presidential spokesman said that Mr. Giscard d'Estaing "refused to bow to such pressure" from the strikers "or to offer a show unworthy of the leading theater of France" and "offered his excuses to his guests, who have been informed individually."

Polls Show Foot In 1st-Ballot Lead For Wilson Post

LONDON, March 21 (Reuters).—Left-winger Michael Foot has taken an early lead in the Labor party election contest to find a successor to retiring Prime Minister Harold Wilson, first polls by news organizations showed today.

Mr. Foot, 62, the secretary for employment, may be ahead of the five other Labor Cabinet ministers, but he appears to lack the majority needed for victory on the first ballot, the result of which will be announced next Thursday night.

But because of the intricacies of the party election machinery, Foreign Secretary James Callaghan, a man of the center, is still given the best chance of succeeding Mr. Wilson. Nominations for the leadership contest close at noon tomorrow.

Defense Secretary Roy Mason, after saying last night he might enter the race, decided today to stay out of the contest because of insufficient support.

The Sunday Times, the Observer and the Weekend World television program all forecast today that Mr. Foot would lead in the first ballot, with Mr. Callaghan and right-wing Home Secretary Roy Jenkins his closest pursuers.

Chancellor of the Exchequer Denis Healey, Environment Secretary Tony Crosland and Energy Secretary Anthony Wedgwood Benn also are in the race.

Strike Is Ended At Panama Canal

PANAMA, Panama Canal Zone, March 21 (UPI).—Authorities today resumed the job of trying to clear one of the biggest backlogs of world shipping in the Panama Canal's history after a five-day wildcat strike ended yesterday.

One hundred and seventy-five vessels were anchored outside the canal's Pacific and Atlantic entrances when the strike ended. Canal officials said it would take three or four weeks to get traffic back to normal. The U.S. workers, ranging from pilots to tugboat masters and schoolteachers, called off their strike after receiving assurances there would be no cuts in their salaries.

As Fears of Breakdown Grow

Bangladesh Seeks Arms From U.S., Others

By Lewis M. Simons

DAKKA, March 21 (WP).—The Bangladesh military government is waging a quiet quest for weapons from the United States and other countries in order to prop up this impoverished nation's armed forces.

The three-man military regime which seized power Nov. 7 fears that India, which surrounds Bangladesh on three sides, intends to create sufficient unrest here so that it will feel free to intervene militarily for the sake of regional stability.

U.S. sources in Dacca denied that Bangladesh had made any official requests for weapons. However, these sources confirmed that Air Vice-Marshal M.C. Tawab, one of the ruling service chiefs, has been issued a visa and is expected to travel to the United States soon.

The expressed purpose of the trip is for Marshal Tawab to go to Arizona to inspect a used Boeing 707 jetliner which Bangladesh Biman, the national airline, which has only one plane, wants to use on international flights.

Variety of Weapons

Marshal Tawab is known to be anxious to meet U.S. officials to appeal for a broad variety of weapons, including 40 to 50 F-5 jet fighters, surface-to-air missiles, anti-aircraft guns, small and medium-size arms, radar, communications equipment and gunboats.

The official U.S. attitude is that its only interest in Bangladesh is humanitarian. The United States has been the overwhelming leader in aid contributions, principally grain, to Bangladesh since the birth a little more than four years ago.

But according to sources close to the high command, a senior military officer recently has approached U.S. officials in Dacca and outside the country. These officials told the officer that the United States was interested in helping the leadership build its armed strength.

Military leaders are understood to have made unofficial contacts with officials in China, Pakistan, Britain, West Germany, Libya and several other Moslem states.

A Libyan delegation is expected to visit Dacca soon and there are unconfirmed reports that a British arms firm has been discussing the sale of several gun-

boats with the navy chief, Rear Adm. M.E. Khan.

The basic problem, outside agreement to provide weapons, is financing. Since its inception, Bangladesh has been supported almost entirely by foreign loans and grants, particularly from Western nations.

"It's going to leave a bad taste in a lot of mouths if the donors start seeing their aid funds diverted to weapons," a Western diplomat said. "That doesn't mean that they shouldn't have an armed capacity to defend themselves but how do you explain that to the World Bank or the U.S. Congress in its present mood?"

The military leaders, as well as a number of Bengali and foreign observers, are convinced that the armed forces hold the last chance to avert chaos in Bangladesh. The nation of 80 million has been wracked by a series of coups, mutinies and murders since August.

These observers reason that a moderate infusion of weapons would build morale in the divided army and restore self-confidence to the population.

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Obituaries

Novelist Stuart Cloete, 78, Created South African Epic

CAPE TOWN, March 21.—Author Stuart Cloete, 78, died in a hospital here Friday.

Mr. Cloete sold his dairy farm in South Africa in 1933 and went to England to become a writer. After three unprofitable years, he hit the literary jackpot in 1937 with his "Turning Wheels," an epic about South Africa. More than 2 million copies have been sold and there are translations of the book in 14 languages.

"Turning Wheels" began a series of novels covering a South African family from 1812 to 1930. Others of his books on African subjects were "The Soldier's Peaches" and "The African Giant." In all he wrote more than 30 novels, many short stories and an autobiography in two volumes.

As did four of his later books, "Turning Wheels" dealt with interracial love affairs and was banned in 1937 in South Africa. The ban was lifted in 1974.

Plea for Morality

In his "The Third Way," he pleaded for a higher private and public morality. He said of himself: "The war [World War I] showed me death and caused me to wonder about it. Farming showed me life and also caused me to wonder about it. This strange tie between noise and silence, between the city and the hills, between the man and the woman, between life and death, is what makes men write. Out of these two wonderings and great love of the wilds and the cities has come my work."

Born in Paris and educated in England, he became a second lieutenant of infantry in 1914 at the age of 17. In his early 20s, he was wounded so badly in combat that he was retired. He decided to go to South Africa, where he grew cotton for a land company, managed a 16,000-acre cattle ranch and then bought his own dairy farm. It was at that time that he became interested in writing.

David Romelashvili

MOSCOW, March 21 (UPI).—David Romelashvili, 61, former food minister of the Soviet Republic of Georgia, has died after a short illness, according to a Georgian newspaper that reached Moscow yesterday.

Zarya Vostoka, the Georgian Communist party daily, gave no other details of the death of Mr. Romelashvili.

Gen. Grigory F. Popov

MOSCOW, March 21 (UPI).—Lt. Gen. Grigory F. Popov, 58, a prominent Red Army officer, has died, unexpectedly, the army newspaper Krasnaya Zvezda said today.

A lengthy obituary published in the newspaper gave no other details of his death than to say it was "sudden." An indication of his high standing in the armed forces was the fact that the obituary was signed by the defense minister, Marshal Andrei Grechko, and other senior military figures.

Ivo Tijardovic

ZAGREB, Yugoslavia, March 21 (Reuters).—Ivo Tijardovic, 81, one of Yugoslavia's best known composers, died here Friday in a hospital, the Yugoslav news agency Tanjug reported. Mr. Tijardovic was famous for his operettas based on Yugoslav folklore.

Richard W. Darrow

NEW YORK, March 21 (UPI).—Richard W. Darrow, 60, chairman and chief executive officer of Hill and Knowlton, Inc., the world's largest public relations firm, and a former mayor of Scarsdale, N.Y., died yesterday after a long illness.

Robert E. Braley

CINCINNATI, March 21 (UPI).—Robert E. Braley, 80, the first American to fire a shot in World War I, died Friday at his home here.

Mr. Braley was a gunnery corporal on Oct. 23, 1917, when his unit moved into position near Nancy, France. Mr. Braley jerked the lanyard of a French 75-mm gun and fired a shell into a German trench.

Dacca Convicts 2 On Fund Charges

DAKKA, March 21 (Reuters).—Former Posts and Telecommunications Minister Sheikh Abdul Aziz was sentenced to five years in prison here after being convicted of having assets beyond his known sources of income.

Former Bangladesh Red Cross Chief Ghazi Gohar Mustafa, who was found guilty of misappropriation of public funds, was sentenced to 10 years. He was acquitted of another charge of corruption.

Mr. Aziz was also fined \$10,000 (\$30,000), and Mr. Mustafa \$500. Both men were close associates of former President Mujibur Rahman.

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Your watch says 11 a.m. — but, because of the time difference, your body and brain are 8 hours behind on your first day in Tokyo.

Our shortcut offers you the solution to this problem of "jet lag".

SAS Trans-Siberian Express is the fast service from Europe to Japan. But, most important, it departs on Saturday noon and arrives Sunday morning. This gives you 24 hours to acclimatize before Monday's meeting.

Every Saturday you can catch the Trans-Siberian Express in Copenhagen — and catch up with yourself in Japan.

SAS—more than a seat

Yours all ways

SAS

SCANDINAVIAN AIRLINES

The Voters Wonder What's Behind the Jimmy Carter Grin

By James T. Wooten

MARION, Ill. (NYT).—For months now, one of the standard components of Jimmy Carter's campaign speech has been a litany of U.S. heroes ranging from Washington and Lincoln to Franklin D. Roosevelt and Martin Luther King Jr.

But recently, before all-white audiences in racially intransigent areas of the South, the soft-spoken presidential candidate, who won the Illinois Democratic primary last Tuesday, reportedly omitted the name of the only black man on the list, his fellow Georgian, the late Dr. King.

"Did you forget?" he was asked a week earlier, the day he won the Florida Democratic primary by attracting thousands of votes that went to Gov. George Wallace of Alabama four years ago.

"No," he said finally, eye-browed and, for a change, smiling. "No, I didn't forget."

Perhaps it was only a small footnote to the voluminous chronicle of his quest for the White House, but it may also have been an important reflection of the man behind the now familiar grin, a momentarily vivid example of the best and the worst of Jimmy Carter.

"And," he added after a while, "I won't ever do it again."

Grinding Race

It is with just such a blend of candor and expedience, along with his tireless energy and superior organization, that Mr. Carter has blossomed from an anonymous obscurity to front-running popularity in the grueling, grinding race for his party's presidential nomination.

But that same clash of blunt honesty and deftly shaded rhetoric has also become the premise of the stable opposition gathering against him, and could be-

1972 Democratic convention (as Mr. Wallace has often said he did), Mr. Carter denied that was true and said there was proof of that denial in a telegram he had sent to the Alabama governor.

"I told him I'd have to decline the honor of nominating him," he said as the television cameras whirled and the tape recorders registered his every word. Did he use the term "honor" in his telegram? he was asked.

"No, I'm using it now," he said. Sincerely or sarcastically? "I used it deliberately," he said. But sincerely or sarcastically? "Well, if it had been an honor to nominate him," he said curtly, "I would have nominated him. Does that answer the question?"

Leaving an Impression

His apparent intention, before the question became so insistent, was to leave the impression that although he had not nominated Gov. Wallace—he nominated Sen. Henry Jackson of Washington, now one of his major opponents—it was not an entirely unacceptable idea.

"I think he wants to have it both ways," a Florida politician said. "It was not meant as a criticism. 'He does most of the time, too,' he added, 'better than most of us.'"

If that is true, it is due at least in part to the fact that Mr. Carter may be one of the smartest men to run for president in a long time. He is well read and well educated, an Annapolis graduate out of Georgia Tech who is comfortable discussing nuclear fission or existentialism.

All during his campaign, those who have come to know him away from his rallies have come away impressed with the breadth of his mind—its thorough quickness, its eclectic curiosity.

Given Mr. Carter's belief that he can win only by appealing to



Jimmy Carter flipping flapjacks in Concord, N.C., during a campaign swing last week.

For Most Agents, the Field Is Too Large

Guarding the Candidates Becomes Growing Burden for Secret Service

By Ronald J. Ostrow

WASHINGTON—Two young staff members in Alabama Gov. George Wallace's campaign had unscheduled visitors at 2 a.m. recently in Jacksonville, Fla. It was the Secret Service.

The agents were trying to find out who had given a local woman bartender a Secret Service lapel pin normally reserved for a candidate's security-clearance aides.

In Cedar Rapids, Iowa, a reporter traveling with Sen. Birch Bayh, D-Ind., was startled when Secret Service agents threw open his motel room door and scanned his room with flashlights.

The agents, assigned to protect Sen. Bayh—who has since withdrawn from the race for the Democratic presidential nomination—saw that the door was slightly ajar. A week earlier, the motel had been burglarized.

At Secret Service headquarters here, where closed-circuit television cameras scan the corridors, an official of the agency indulged in some rare comments about the campaign.

Shaking his head unhappily after the Florida primary, the official said ruefully: "I don't think any candidates got discouraged in Florida."

The official was not showing political preference—only the strain of providing 24-hour protection for half a dozen major presidential candidates and President Ford.

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The Jacksonville and Cedar Rapids incidents, and scores of others recorded by Los Angeles Times political writers, illustrate the manner in which the Secret Service carries out its task of protecting the candidates.

Battle Fatigue

After adding candidates to its list of 13 permanent protectees following the assassination of Sen. Robert Kennedy eight years ago, the agency found its agents apparently were suffering from battle fatigue.

"Agents showed signs of deteriorating health that was diagnosed simply as fatigue," said John Warner, director of public affairs for the Secret Service.

"This is why we're rotating our people every 28 days."

The job of scanning buildings, auditoriums and campaign crowds was intensified this time because the Secret Service began to protect candidates last October—six months earlier than protection began in the 1972 presidential campaign.

Two attempts on President Ford's life last September prompted the decision to advance the date on which to begin the security.

Added Cost

The six months of additional coverage will cost \$6.7 million, more than doubling the bill for candidate protection this fiscal year—to \$10.7 million—according to an estimate by Secret Service Director Stuart Knight.

For security reasons, the agency will not reveal the number of men assigned to guard candidates. But Mr. Warner noted that in a non-campaign year, the Secret Service, which has about 1,500 agents, spends more than 60 per cent of its man hours on criminal investigations and about 40 per cent on protection. During a candidate-protection period, however, these percentages "are at least reversed," Mr. Warner said.

As a unit of the Treasury Department, the Secret Service's criminal responsibilities include enforcing the laws against counterfeiting and forgery of government bonds and notes. It carries out such operations from field offices throughout the nation.

Because the Secret Service does not have enough agents to meet the demands of an election year, three other agencies in the Treasury Department supply extra men and women. Five hundred agents from the Alcohol,

Work Begins On Steel Gates At White House

WASHINGTON (UPI).—

Workmen began installing new high-grade steel gates last week at the entrances to the White House to increase security for the President and his family.

The Secret Service said the gates would be operated hydraulically and that the entire project would take about a year to complete because construction would be limited to two entrances at a time to permit traffic in and out of the executive mansion.

A Secret Service spokesman declined to say how much the project would cost, but it was understood to be close to \$1 million.

Former Democratic Sen. Fred Harris of Oklahoma finally decided this month that Secret Service protection was worth the "cost" of abandoning some of the folkie appeal that has characterized his quest for votes.

His campaign press secretary, Frank Grier, noted that agents will "take care of the routing and advance work. That simplifies things for the [campaign] staff, no question about it."

Another official of the Harris campaign, which is financially pinched, said: "We really needed this. They do all these things for you for free."

One of the most difficult moments in a candidate's campaign is when a candidate circulates in a crowd. Agents can be seen on either side of a candidate, scanning the crowd and interposing flowers or other items that spectators try to hand the candidate. At least one agent follows, guarding a candidate from the rear.

As imperfect as candidate protection may be, the current security for presidential contenders is much tighter than it was on June 4, 1968, when Robert Kennedy was killed in Los Angeles.

The man Robert Kennedy was slain hours before he was elected at the Ambassador Hotel, former Sen. Eugene McCarthy, was several miles away, at the Beverly Hills Hotel. There was little security. Anyone who knew Mr. McCarthy's room number could simply take the elevator to the floor and walk into the McCarthy suite, subject only to a check at the door by regular campaign workers.

It was a reporter who, after the news of the Kennedy shooting, called the Beverly Hills Police Department to suggest protection for Mr. McCarthy. A half hour later, Beverly Hills police sealed off Mr. McCarthy's floor.

Mr. Nessen doesn't work for the Secret Service, Mr. Warner said.

Attention to detail appears to be a key to the Secret Service's operation.

From trip to trip, the Secret Service varies the color of the press badges for reporters who accompany the President. One time, the reporters' full names will be used, another time, only the first initial and last name. A badge variation also applies

to the President's security men, who wear the Secret Service's lapel pin, a kind of crooked lightning bolt. The agents seem to turn it in different directions on different days.

Agents assigned to protect political candidates sometimes are considered "den mothers" by the candidate's staff.

Because inspection is necessary to make sure that baggage contains no explosive devices, the Secret Service has taken over many campaign baggage-handling chores. Because security requires identifying all those accompanying a candidate, the travel lists now are often compiled by the Secret Service, not merely handed to them for study, as in the past.

Harris Gives In

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INSIGHTS/SIDELIGHTS

State's Methods Shake Swedes

Bergman's Nightmare Come True in Tax-Evasion Case

By Bernard Weinraub

STOCKHOLM (NYT).—A tax-fraud case against Ingmar Bergman, the internationally acclaimed film director, has created a wave of self-examination within Sweden, a debate over police powers and bitter accusations that the bureaucracy is hounding the nation's foremost artist.

Mr. Bergman was seized by two plainclothesmen on Jan. 20 while rehearsing Strindberg's "Dance of Death" at the Royal Dramatic Theater in Stockholm. He was taken to police headquarters and questioned more than three hours about allegations that he had evaded taxes on \$118,000 in income. His passport was temporarily confiscated and he was then driven to his apartment, where the police removed personal documents.

Three days later, the 57-year-old director was taken to a hospital for what friends described as a nervous breakdown. He was released from another hospital last week and returned to his remote home in Faro, a bleak island of 300 shepherds and fishermen north of Göteborg in the Baltic Sea, to await a decision on prosecution. The decision is expected by the end of the month.

Mr. Bergman's career is now in disarray. His current projects, including two new films and an opera production, have been canceled. He has told friends that he will spend the bulk of his future working time abroad, a crucial turn for a director whose films of loneliness and stress have been made in Sweden with generally the same group of actors and crew. In the past Mr. Bergman has said that he could never live or work for any length of time any place except in Sweden.

Faces 2-Year Term

If convicted, Mr. Bergman faces up to two years in prison or a sizable fine. The director is charged with evading personal taxes through a Swiss company that was set up in 1967 to produce and distribute his films outside Sweden. Mr. Bergman has strongly denied that the company was used to evade Swedish taxes.

"I am an artist. I know nothing about money, and I know nothing about these charges," he said shortly before his hospitalization.

Abruptly, the Bergman case has emerged here as one of the most widely discussed controversies in years—a controversy that has embarrassed the Social Democratic government of Premier Olof Palme, that touches the roots of Sweden's smoothly organized welfare state and that sheds light on the complexities of an efficient, tradition-bound nation and people.

Moreover, the debate focuses on a lowering artistic figure—a reclusive, temperamental and somewhat flamboyant film-maker—whose encounters with the police and tax authorities eerily resemble elements of his films and echo intensely personal fears of shame and public humiliation.

Childhood of Fear

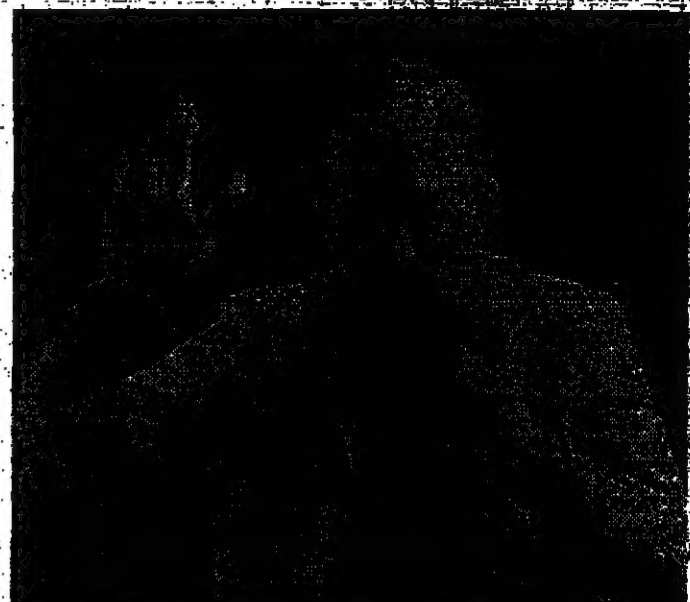
"The uncanny, a question of life imitating art," said John Donner, a prominent film director and author who has written extensively about Mr. Bergman. "If they could have thought of one way of shattering this man, it would have been this way: to take him away in the middle of rehearsal before his colleagues, to lock it to the press, to humiliate him."

Harry Schein, chairman of the powerful Swedish Film Institute, which supports and produces movies here, and one of Mr. Bergman's closest friends, said: "There is a strange psychological consistency in what has happened. Bergman has often told about his childhood. It was unhappy and filled with fear. His most horrible memories are of the times his father, a Lutheran minister, punished him by giving him the silent treatment and locking him in a dark closet. He experienced not only terror but also total humiliation."

"To Bergman, freedom is the most important thing, and public humiliation is the most catastrophic. If there's anything he fears most—the maximum terror—it's humiliation. He knows he's been humiliated, even if he'll be completely absolved. He cannot be the same after this."

Jan-Olof Strandberg, director of the Royal Dramatic Theater, said, "We fear that Bergman cannot for a long time, and maybe never, manage to resume his work here and that he has suffered irreparable injury. The risk is great that Bergman will become lost to Swedish theater art."

A Bergman film of the late 1960s, "The Rite," vividly foreshadowed the director's own current confrontation with tax authorities. The film deals with three performers—played by Inggrid Thulin, Gunnar Bjornstrand and Anders Ek—who come to a foreign city with a show that includes obscene elements. The performers—who are world-famous and rich—are called before a prosecutor with their agent, who is named Bauer, which is



Ingmar Bergman in action.

the name of the tax lawyer implicated with Mr. Bergman.

The prosecutor interrogates the artists and deeply humiliates them. The actors decide to perform their show for the prosecutor. It is a shock to him that he suffers a heart attack and dies. The performers leave the country, "never to return."

Poor Advice

Petitions at the theater, letters to newspapers, television debate and street conversations underline the interest stirred by the case in a nation whose 8.1 million people pay steeply progressive personal income taxes for advanced welfare, housing, education, hospital and pension benefits. It is known that, in recent years, taxes took up to 80 per cent of Mr. Bergman's annual income of \$150,000 to \$200,000.

Mr. Bergman's supporters—ranging from Stockholm's tightly knit film and artistic community to prominent businessmen and civil servants—say that, at worst, Mr. Bergman was poorly advised by tax lawyers and that the police action was brutal.

"It's an absurdity," said Gustaf von Platen, managing editor of Svenska Dagbladet, a prominent moderate newspaper. He added, "If he wanted money he could easily have gone abroad and earned a fortune. He never did. This man had no intention of evading taxes."

He said that taxes were a virtual obsession among Swedes, who pay, on the average, about half their income in taxes. "If you want to have your house repainted, the first thing the painter asks is if it's tax-free or not," said Mr. von Platen, referring to the payment. "You try to hire a cleaner woman and she always asks if you're going to give her income to the authorities. If you say 'yes' she says, 'I'm not interested.'"

Beyond the criticism of the tactics of the police—who stationed a man at the theater door to prevent a getaway and who apparently leaked word of the investigation to the press—Mr. Bergman's colleagues say that the inquiry sheds light on some of the darker sides of the Swedish welfare state. Following Mr. Bergman's interrogation for example, Eibl Andersson, the actress who has worked extensively for him, was held for questioning about her taxes by the police for more than 24 hours, despite pleas that her small daughter would be frightened by her abrupt absence.

More and more people are simply frightened now at this imperial power of the government, of being tightly controlled, of being in a society where your income-tax records are checked against your insurance records, where you feel less personal privacy and more public surveillance," said Mr. Donner.

"What upsets people is that suddenly we know this could happen to anyone—the police finding you at work and taking you away in the presence of colleagues. It's a warning light. People are saying it's all gone too far. To keep this tax system going, you need more and more police, more and more tax people. Everyone's name is in a computer. It's all simply gone too far."

What has stirred the most debate, however, is the oft-heard comment that Mr. Bergman has been singled out by authorities because what he somehow represents threatens numerous Swedes. The allegation is denied by tax authorities.

But a senior civil servant said, "Bergman is a unique figure here and in many ways, he's not a modern Swede. He's had five wives. His films—everything he does—are a projection of his own spiritual troubles, his concerns. That's not particularly Swedish now."

"In Sweden we have no real debate about spiritual problems, the problems of many nature. Everything is political. It's Bergman's uniqueness that makes him a target. He's a symbol of something that threatens people. Police and tax officials are

mainly deny that Mr. Bergman has been singled out, and the press, led by Aftonbladet, an influential tabloid-owned Swedish Confidential. Trade Unions had closely tied to the Social Democratic party.

Dieter Strand, a political columnist on the newspaper, that mail and phone calls heavily against the outcry support for Mr. Bergman that the opinion expressed that the director should be treated like anyone else in an investigation.

According to Mr. Bergman's current lawyer, Rolf Magrell, a war police and other sources, the director set up his occupation. Persons, Ltd., in Bern, in 1962 and with his lawyer, Sven Bauer, repaid the company set up with \$250,000.

It was initially designed to launch a joint film venture with Psa Berne, the Italian director, but the agreement fell through. Mr. Schein said that the company intended to produce and distribute Mr. Bergman's films abroad, and also films as "The Rite," "The Touch," and "The Possession of Anna" were sold on Swiss seas.

By 1974, following a decision by the Swedish tax authorities, Mr. Bergman withdrew from the agreement with Italian, and was vision to work on a series of programs about the life of Jesus. The director moved to dissolve the company. He transferred about \$600,000 to Sweden, which he paid a 10-per-cent capital-gains tax.

But an investigation into persons with tax authorities' assets of NATC, the director should have been running out of the five-per-cent taxes—and not capital-gains tax response on the dissolution of the company. The authorities said that Persons, Ltd., was a "null" entity on front, designed to avoid Swedish tax laws; Mr. Bergman, however, takes through his current law, that he wanted to account capital for film projects.

Swedish police entered the director's apartment, officials charged because they had been repeatedly unable to reach Mr. Bergman on the phone, and a Bergman aide had told them: "That's a Helsinki director would not be available until April 1, after the premiere of 'Dance of Death.' The police believed that they were forced to move hastily because time was running out on the five-per-cent statute of limitations for a possible alleged tax offense." Mr. Bergman's lawyer said that he was not available to the year 1971, when Mr. Bergman could have avoided a 10-per-cent tax on \$128,000 in income taxes. In effect, 1971 is the test case in the case because the statute of limitations had run out there in the previous years.

Decision on a Trial

A senior prosecuting attorney Anders Nordenskiöld, is scheduled to decide in late March whether to proceed with a trial against Mr. Bergman or drop the charges, as the director's lawyer has urged.

According to an official report by Detective Inspector Skog, who questioned Bergman, the director "felt that throughout his life he has been extremely afraid of errors being made in his tax returns and similar documents that was why he engaged an attorney to take care of his financial affairs. He was himself a very busy man."

Mr. Skog, a respected police officer, said the director in an interview seemed to be a little shocked that this would happen to him, said it was something he could never imagine. He said that this was his first experience with the law. He said he was telling me that "every newspaper will murder me now." He very wanted about the papers, about what people were saying about him.

Mr. Bergman's close friends said that three days later he was in a small apartment here the director and his wife had been staying and he said, "I feel myself over my own shoulder. I see myself over my own shoulder." He was taken to the hospital.



some the essential issue of his campaign.

Much of that opposition, understandably, has been generated by the partisan loyalties of those wedded to other candidates; some of it, predictably, has arisen from the party's traditionally pernickety and persistently frustrated liberal wing; and some of it is coming from nothing more rational than regional bias.

Many Concerned

Still, there are substantial numbers of other Americans who are simultaneously impressed with Mr. Carter's promise not to lie but sincerely concerned about his consummate political instincts and expertise.

In conversations along the trail of his campaign, from Tulsa to Boston to Miami and here to southern Illinois, dozens of voters have suggested that his most formidable asset—the uncanny knack of sliding softly over and around the thorniest issues and questions—could be his most troublesome liability.

"I like him," conceded an insurance salesman in Miami. "I honest-to-God like him but I'm not sure why and that really bothers me."

Similarly, a middle-aged woman in Hickory, N.C., said that although she would vote for him in the Democratic primary there on Tuesday, she was "basically uncertain that he is a man who has a strong opinion on anything."

That, of course, is not precisely accurate, for Mr. Carter, the 51-year-old former governor of Georgia, holds firm views on a variety of subjects. It is in the manner in which he states them—or keeps silent on them—that the perception of him as opinionless is registered.

Conscious Style

In most cases, Mr. Carter and his aides have admitted, it is a conscious technique, and in most cases, they have suggested, it is beneficial to him and the continuing success of his campaign, an effort to catch a broad middle ground of the party and the country.

Whether their strategy proves valid, the style seems to suit the candidate. Time after time, he has attempted to use language to tint an issue, as he did for instance in Tampa, Fla., at the beginning of the month.

Asked if he had promised to nominate Gov. Wallace at the

voters on the basis of his personal honesty and not by trying to rally them around some ideological standard, it is little wonder that his rhetoric occasionally obscures his opinions.

Nixon Issue

In public, for instance, he says that he wishes nothing more than for Richard Nixon, whose impeachment he urged long before many other people, to live out his life in peace.

"I pray that he will find peace," he said in South Carolina several weeks ago.

Later that day on his chartered jet, he told a reporter that he detested Mr. Nixon.

"I've always felt that way about him," he said. "Always will."

Mr. Carter patiently answers all the questions he receives about abortion, gun control, amnesty, pardon and other issues, explaining in great detail over and over again, but skillfully using his words to offend the fewest on either side.

"Amnesty for those who defected during the Vietnam war means 'What you did was right,'" he says. "I don't believe it is right, so I'm against amnesty. I'm for a general pardon. A pardon means that it doesn't matter whether it was right or wrong, it's forgiven."

But that is not what Mr. Carter believes a pardon connotes, in the case of either Mr. Nixon or Vietnam defectors. He has said he believes it has an assumption of guilt, but he does not say that often in public.

"But I don't give a damn about those issues," he said one day in an interview. "You'll never get anybody to agree on them. You won't even get a consensus on them."

That may be the reason he omitted Dr. King's name from his litany of heroes, promising never to do it again.

When he was questioned on the CBS News program "Face the Nation," Mr. Carter repeated the promise but appeared to shift slightly in explaining the omission. "It had not been a deliberate thing," he said, but he added that he had stopped the practice.

And, when he came here to Marion, as racially conservative a community as any town in Georgia, he was true to his word. He did not leave out Dr. King's name.

He omitted the entire list.



Secret Service agents flanking President Ford reacting to gunfire during assassination attempt in San Francisco.

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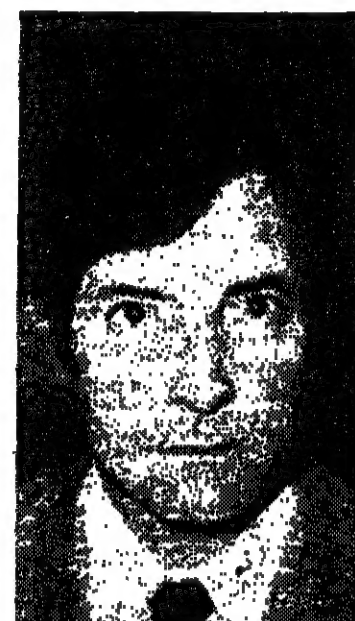
PORTUGAL: A Post-Revolution Struggle For Economic and Political Evolution

Broad-Based Drive Seeks To Improve Foreign Trade

By Jose Shercliff

LISBON (UPI)—Portugal's sixth provisional government since the revolution of April, 1974, is waging a broad-based campaign to lift the country out of the economic crisis that has burgeoned since then because of internal problems and the world recession. The crisis has involved a foreign-trade deficit that dropped last year but still remained at the high level of 48.4 million contos (\$13.53 billion); a shrinking of foreign markets for Portuguese exports; drops in revenue from two of the most important sources of foreign exchange—tourism and remittances by Portuguese working abroad; domestic labor troubles and other industrial woes; the need to import foodstuffs on a large scale even though Portugal is essentially an agricultural country; and a change in Portuguese buying habits that has seen the inhabitants become "car conscious" at a time when the cost of automobiles has risen and the price of gasoline to run them has soared.

The Foreign Trade Ministry is in the forefront of the government drive to solve many of these problems. In May, 1974, a month after the revolution, the Foreign Trade Control Committee was established with the specific duties of curbing the illicit transfer of capital and restricting, by licensing, nonpriority imports. Last June, in a hardening of the government's determination to correct matters, it imposed a surtax of 20 to 30 per cent on such nonessential imports as alcoholic drinks, perfumes, silks, jewelry and other luxury goods.



Jorge Campinos, Minister of Foreign Trade and Tourism

Minister's View

Jorge Campinos, Minister of Foreign Trade and Tourism, noting that in the country's economic self-bettering struggle his agency is the key government organization, said recently:

"Portugal has a trade balance that is in sharp deficit. Last year, in spite of its reduction by 11.7 million contos, our deficit was 48.4 million contos.

Trade Balance

The government's drive to improve its foreign-trade balance has already shown some results. For instance, after the surtax on luxury and other nonessential imports was imposed last June, the total of imports for 1975 dropped 24.1 per cent in volume and 17.3 per cent in value from those of the preceding year. The imports of 1975 had a value of 97.7 million contos—which, when measured against decreased exports worth 49.3 million contos, produced the trade deficit of 48.4 million contos. As Mr. Campinos noted, this was a "sharp deficit," but the figure represented an important reduction of 11.7 million contos from the 1974 trade gap, and the development bodes well for Portugal.

In 1974, imports had increased about 58 per cent, while exports rose in value by 23.7 per cent. Because of a 30-per-cent upsurge in prices, however, the export value did not present a true picture of the volume involved. In fact, the volume of exports in 1974 was 7 per cent below the level of the preceding year.

At work in this import-export situation were several factors. More imports were needed because of a decline in this country's productivity, and were welcomed by Portuguese workers because of their pay increases, granted in the euphoria that followed the ousting of the 48-year-old rightist dictatorship. Automobile sales increased 8 per cent, and outlays on gasoline imports rose 23 per cent. Gasoline prices here are among the highest in the world.

The fall-off in exports last year (Continued on Page 9)



José Baptista Pinheiro de Azevedo, Prime Minister

A Statement by the Prime Minister

THE FIRST point I want to stress in what concerns the internal political situation in Portugal is the extreme difficulty the foreign observers have to understand what happened after the 25th of April, 1974. I consider this point a very important one, as it could be responsible for some very serious mistakes as to what should be done to stabilize the political situation. The complex system of contradictions in which we lived before April, 1974—with a blocked economic system, in which the speculative motive was the main reason for its apparent prosperity, with a political system characterized by autocratic and too-conservative leaders, with a social system deeply divided into small groups concentrating power and money, in contrast with the population majority who had to emigrate or to sell their productive effort for an insufficient salary, with a colonial empire and three colonial wars that didn't serve any real national interest and, finally, with an international policy that we must define as not realistic, because we had not the necessary means to implement it—could not be destroyed without the most profound disturbances, without the greatest social instability.

WHAT IS surprising, in my opinion, is not this instability and social complexity but, on the contrary, the profound political knowledge and social cohesion of the Portuguese people.

It is true that some political forces, from the left and also from the right, tried to take advantage of the disturbances inherent to economic, social and economic structural changes and to force the rhythm of the process. There we can indeed find

anti-democratic movements, as autocratic as in the worst times of the former regime. It is also true that some elements of the Armed Forces, deeply engaged in this process of social change, lost touch with the popular will and engaged in a dangerous road which they felt as being the way to socialism. But it was the people, allied with the strong democratic group of the Armed Forces, that showed clearly what they wanted, what could be done and what would never be accepted.

HERE WE can find what I consider the most important lesson of the Portuguese experience: It is indeed possible to fight totalitarian political forces and win, even if geopolitical reasons seem to conspire in such a way as to make almost inevitable the victory of the anti-democratic forces. Through all this process we lost a lot of things and we still have to pay a very high price for that. In a sense, we had the destruction typical of a war without the war. Our economic system is in serious trouble, the work relations are not yet stabilized, the effects of the refugees coming to Portugal are not yet controlled, there are still some fractures in the social system, even the political system is still in search of a stabilized interrelationship among its main components.

THIS MEANS that now, more than ever, we need the help of our foreign friends, the help of those countries that are sincerely interested in supporting democratic ideas. But I am sure that this help will come naturally, namely from those countries who did not believe, at first, that we could arrive at a democratic political system. There is still a lot to do,

many errors to be corrected, but I have confidence in the regenerative capacity of the Portuguese people.

With regard to the international setting of our political crisis, I have not the slightest hesitancy in accepting the thesis that Portugal was used as a pawn in a complex geopolitical game, played in Africa, in Europe and even, as we know now, with reflex responses in Latin America. So, it is not surprising that much of our internal troubles have to be explained in such a light, namely what we are used to calling "instrumentalization" of the military by partisan forces who are more interested in the international strategies than in the real problems of the Portuguese people.

FOR THE immediate future, I hope that we shall have a greater liberty of movement and that we shall be able to devote all our efforts to the process of internal stabilization, defining our economic and political position as a European country that has, by historic reasons and by political experience, strong links with the Third World countries, making us kind of a middle ground or middle man who can be useful in a lot of ways for the system of international relations. And here we have one of the main motives behind the movement that began on the night of the 25th of April: To give to Portugal its real position in the international context, its true national independence in the special system of interrelations that make up Europe.

JOSE BAPTISTA PINHEIRO DE AZEVEDO, Prime Minister.

The Political Background of Today's Portugal

LISBON (UPI)—Everything that happens in Portugal today is set against a shifting background of military-political and interparty relations.

Nearly two years have passed since a group of army captains brought about the downfall of Premier Marcello Caetano's regime, which had followed the 40-year reign of Antonio Salazar, the country's rightist dictator.

The toppling of the old rule was accompanied by the collapse of a political structure which had been built along the lines of Mus-solini's corporate state. This had isolated Portugal from the rapidly advancing democratic spirit of the West and its ideological isolation from Eastern Europe

was even more solidly established. Salazar had tried to keep his fellow countrymen "innocent" of the rapidly evolving world. He kept the standard of living low, and there was a tendency for Portugal to become the sweatshop of Europe. He kept education confined to the more privileged classes for many years. Wages were among the lowest in Europe and agriculture was archaic.

Riches

However, an industrial system based on monopolies was making headway. Manufacturing prospered with a system based largely on cheap labor and was aided by foreign interest in exploiting it. The escudo was one of the world's strong currencies, thanks to Salazar's careful financial management. Riches were pouring into the country from the remittances sent back by emigrants who could not make a decent livelihood at home. The natural beauties of the countryside formed the basis of an ever-expanding tourist business. These were the state's two

largest revenue gainers in the old regime's last years.

Counterbalancing this was the drain of money and manpower by the war against independence fighters in the three African territories of Angola, Guinea and Mozambique. The fighting—and the drain—lasted 13 years. Not only was the civilian population dissatisfied, but the army, navy and air force were largely unimpaired.

When the military coup of April 25, 1974, put an end to the old regime, a page was flicked over and a new Portugal appeared. Gen. Antonio de Spínola, whose book "Portugal and the Future" expressed some of the ideas of the young captains, was made president of the republic, and his right-hand man was Gen. Francisco de Costa Gomes, whose tenure as chief of the general staff was set aside.

After the first days of euphoria, with crowds milling about the streets and sticking red carnations into the rifle barrels of the liberating troops, a destructive phase set in. There was an impulse to destroy everything that

could remind the Portuguese of his immediate past. If the people of Lisbon could have laid hands on the members of the hated political police—who had to be protected from their wrath by the army—they would have torn them limb from limb. Nothing seemed safe.

The former president, Adm. Américo Thomas, was allowed to go to Brazil with Mr. Caetano, but key ministers were arrested, including Interior Minister Moreira Baptista, who was responsible for the political police, and Overseas Minister Joaquim da Silva Cunha, who was held responsible for the African wars.

The civil service was drastically (Continued on Page 5)

The Benefits

"However, we are now optimistic—first, because in January the emigrants' remittances for the first time climbed to the levels of 1973 and, second, because tourism in Portugal has been very well supported, out of political solidarity I think, by friendly countries, particularly those of Western Europe and the Scandinavian countries.

"Thus it would appear to me that, having won the battle for liberty and democracy in Por-

Tourism Is Key Source of Revenue

Charming Country Woos Foreign Visitors

LISBON (UPI)—Portugal is waging a valiant campaign to restore tourism to its old place as the nation's major source of foreign exchange. In 1973, revenue from tourism dropped 30 per cent from the level of the preceding year, owing largely to world recession. This brought the country 6.85 billion escudos. In 1974, the year of the military coup which toppled the Caetano regime, it dropped to 4.7 billion escudos—a 30-per-cent decrease. Last year, about 2.5 million tourists entered the country—25 per cent fewer than the preceding year, and half as many as in 1973.

Yet the new Portugal is just as lovely as the old. There is the

same enchanting scenery, the same excitement, and fun as before. The welcome is as warm. Centuries of history lie before the visitor in fascinating old walled towns, ancient monuments, art collections and museums. Every kind of accommodation is available, from camping sites to luxury hotels. The fish and shellfish fresh from the coast are still a gourmet's delight. Sportsmen are still catered to, on land and sea, with golf, tennis, riding, shooting, fishing, sailing and swimming. Golfers and yachtsmen find themselves especially well cared for. There is gay night life in the main holiday resorts from the north to the south of the country, and this includes gambling casinos. The

new Portugal is just as much worth a visit as was the old.

When the nation peacefully turned over a new leaf in its governmental history on April 25, 1974, many old institutions were destroyed, but the hospitable instincts of the Portuguese survived. The gentileza portuguesa—Portuguese kindness—still awaits visitors. Transport both to and from the country and inside it runs smoothly and efficiently, with speeded-up rail services and excellent highways and full air schedules. In spite of the austerity imposed on the population by post-revolution conditions, visitors feel no pinch. Meals and wine are as good as ever, ser-

(Continued on Page 19)

Stresses Democratic Changes

Ernesto Melo Antunes Lays Out Foreign Policy

LISBON (UPI)—Describing the foreign policy of the Portuguese government, Foreign Minister Ernesto Melo Antunes said:

On April 25, 1974, our foreign policy was basically characterized by increasing isolation in the global field. This was due to a retrograde colonial policy, whose dramatic changes were shown in the war, a war which was not by world opinion. It was isolationist policy, suicidal and national, and as such led to the repudiation of the new people.

On April 25, 1974, and out of the program of the Forces Movement, Portugal established diplomatic relations with virtually all countries of the world, independently of political and social regimes. This was a great step opening up of our policy to all points of the globe. It was not only the core of the changes toward a society after April 25, toward political democracy, a more equalitarian and economic and social order, above all, decolonization as the determining factor renewed insertion into the world.

Portugal is situated in a deter-geopolitical and geo-economic position which it neither questions nor questions. Portugal is a member of NATO and has questioned its membership. On the 25th of April, all those responsible for foreign policy since April 25, have always stressed the intention to keep Portugal in the framework of NATO.

Policy of Détente

Today, we consider that peace and progress in Europe can only be achieved through a renunciation of the policy of détente which was recently stated in Helsinki, and thus not wish to introduce any change of the geopolitical and strategic balance of Europe. This would only pre-clude the fundamental point in insertion of Portugal in the world today is our condition of a European country. We found historical traditions, found cultural ties, close economic relations (80 per cent of foreign trade is with Western Europe, where hundreds of thousands of Portuguese emigrants are working); all these factors are closely linked to the destiny of Western Europe. Hence, interest in the process of European integration, hence our wish to deepen our relations with the EEC. We cannot at turn become a member of the EEC—recently in Luxembourg we reached agreements this organization which may



Ernesto Melo Antunes, Foreign Minister

become very important for the relaunching of our economy.

The specific reason for our insertion in Europe is that we belong to the southern European area, the Mediterranean area, a peripheral zone in relation to the highly industrialized center of northern Europe, a subaltern zone which is economically dependent upon that center.

Everything leads one to believe that the Mediterranean basin is, within the next few years and maybe to the end of the century, destined to play the role of an extremely important hinge between the highly developed European world and the world of the underdeveloped countries, or those which are developing in Africa or the Third World in general.

This leads us to look with special attention to our relations with the countries of the Third World. Firstly, we aim to institute new and fraternal relations with our former colonies, for we are linked to them by so many ties of language, culture and blood. This relationship with our former colonies is our chief axis of a link with the Third World. Thus we follow with the greatest interest the dialogue between the industrialized and developed world and the nations on their way to development, and the struggle of these nations for a new international economic order, one that is more just and equitable.

These general lines of our foreign policy, which I have briefly sketched, stem from our more general political project, that of restoring to the Portuguese people their sovereignty, their voice and a new presence in the world, by means of profound democratic changes at the political, economic and social levels.

Coexistence of Public, Private Enterprise

A Restructuring of Industry Is Planned

LISBON (UPI)—Portuguese Minister of Industry and Technology Walter Rosa has announced that the master plan Portugal's new industrial policy will soon be put into operation. The minister declared: "We consider that this policy is geared on industrial development with a view to increasing national wealth and decreasing our dependence. It must be based on full employment of our resources, and this must be achieved through the restructuring of basic sectors and the recognition and reconversion of traditional sectors, so that coexistence of public and private enterprise is insured."

"Private enterprise must be encouraged to make new investments. Of course, all this means an enormous effort by the national economy, combined with the knowledge that we are in Europe and must develop as a European country. Thus, we must launch Portugal's future economy so that Portuguese citizens may have a better standard of living and better social conditions."

Economically and industrially, the new Portugal is beginning to emerge from a serious crisis, the minister said. "Actually, in spite of international recession and the difficulties faced by the state-controlled sector and by medium and small concerns, one may say that Portuguese industry has finally be-

gun to overcome the serious crisis which was stifling it. This crisis was a logical and inevitable consequence of the process through which the implanting and consolidating of democracy in the country had to pass," he said.

Important Aspects

"There are three important aspects of the industrial problems to consider," Mr. Rosa continued. "The financial, economic and social problems, this latter being relevant to labor relations. Of the financial aspect, one could say that the country has perceptibly improved with the support of a number of friendly countries (Continued on Page 11)

In This Section

Jose Shercliff is a journalist who has spent most of her life in Portugal. She wrote virtually all of the articles appearing in this section.

The monetary unit in this section is the 'conto' which equals 1,000 escudos. An escudo on Friday was worth approximately 28 U.S. cents.



The Portuguese Revolution: From April 1974 to the Present

(Continued from Page 7)

purged together with all the local administrative bodies. Directors and managers were ousted from business and industrial firms. By the time the crusade was slowing down there was scarcely anyone left in officialdom and the business world who knew anything technically about his business.

On Sept. 28, 1974, an alleged right-wing coup was sidetracked, and President Spínola was forced to resign. His successor was Gen. Costa Gomes. They had been known as Castor and Pollux in the old days of their intimacy. Now their relationship was destroyed.

Actually, the true facts of the Sept. 28 incidents have never been officially explained to the public. Their results were far-reaching, however.

The first provisional government, under the premiership of a civilian, Palma Carlos, had already given way to the second, headed by a hitherto unknown quantity—Gen. Vasco dos Santos Gonçalves. Premier Gonçalves was a dedicated leftist, suspected but not proven to be a member of the Communist party. He was reputed to have played an important part in the planning of the April coup, and he was a businessman as well as a military leader. He remained in political power, heading successive governments, until Adm. José Pinheiro de Azevedo replaced him last September.

Under Gen. Gonçalves the left wing made strides ahead, both the traditional left and the left-of-the-leftists.

The armed forces became infiltrated with populist ideals and split into at least two factions. Wildest strikes disrupted industry. The illicit occupation of houses and farms flourished unchecked. Land reform was being implemented at such a rate and in such a way that innocent farmers, both Portuguese and foreign, were being put off their lands illegally and apparently without redress. All discipline seemed to have been thrown to the winds, and the members of the new security corps, Copcon, often took the side of the strikers or rioters they were sent to check.

Then came the incidents of March 11, 1975, which are still

unclear officially, although an official report has been published. What happened was that an attack was made on a barracks on the outskirts of Lisbon by paratroopers from an outlying air base. It failed. The former president, Gen. Spínola, was subsequently accused of being involved in the fray and fled the country. The progress of popular participation in the country's affairs went on apace.

On April 25, 1975, Portugal's freest elections in decades took place. The population turned out en masse to elect deputies to a Constituent Assembly which was to draw up a new constitution before the election of a permanent legislative assembly. The results showed the country's all-round support of the Socialist party, which gained 37.87 per cent of the votes. The Communists got only 12.53 per cent while the Popular Democrats (PPD) came in second with 26.38 per cent.

Nevertheless, the Communist party continued strong in its influence among the workers, both in the factories and on the farms of southern Portugal. It redoubled its efforts at infiltration.

Thus from these elections emerged the real political scramble for power which was soon to be brought to a head in another attempted coup, this time from the left. In the meantime there was a growth of people's organizations, both military and civilian. The Armed Forces Movement leaned toward the people as their brother-protectors. Citizens organized themselves into committees for this and committees for that. The trade unions held their heads high, and the Communist-controlled Interministerial, which is a confederation of trade unions, became powerful.

Coalition

Servicemen attended political rallies in uniform. An organization called Soldados Unidos Vencerão (United the Soldiers Will Win) sprang up among the rank and file. Discipline slipped further.

Premier Gonçalves continued in power, heading a coalition government composed of military

men and representatives of the four main parties—the Communists, Socialists, the Popular Democrats and the Movimento Democrático Português (MDP), a party considered so far left of the Socialists that it is a virtual facade for Communism.

From the start, however, the Armed Forces Movement had refused to contemplate placing controlling power in the hands of the civilian authorities and political parties. The armed forces had brought about the revolution and they were going to see that their basic principles were carried out. Their program, published in June, 1974, eight weeks after the coup, had set forth in clear terms their intention to be the ruling power, and the Armed Forces Assembly was the supreme ruling body. Second to it stood the Revolutionary Council, a more selective organ, since the Assembly's membership was finally extended to certain lower-echelon military.

The relationship between the Armed Forces Movement and the political parties was defined in a "platform of agreement," signed by both sides in April of last year. This was recently renewed with alterations to suit the changing political and social scene. It will remain in force for the next four years, even though the country is scheduled next month to elect its permanent parliament, appoint a government without the specification "provisional" and elect its president of the republic.

The peak of the left's reach for power was attained last Nov. 26, when the armed forces suppressed an uprising that began with the take-over of the radio and television networks. The thoroughly infiltrated armed forces were taken in hand and discipline was once more restored. Top officials changed. Otelo Saraiva de Carvalho, the public's favorite, who had risen from major's rank to general as military governor of the Lisbon Military Region and commander of the home security force, Copcon, was jailed for a while. The army chief of staff, Gen. Carlos Fátima, who had been close to Gen. Spínola but had survived his downfall, disappeared from the scene.

Adm. Pinheiro de Azevedo's

government grew strengthened as the sixth in the line of provisional governments. New names replaced the old. Gen. Ramalho Eanes, dubbed the most honest soldier in the land, took Gen. Fátima's place. Prominence came to Brig. Gen. Vasco Lourenço, a chubby young member of the former Armed Forces Movement Coordinating Committee and one of the architects of the April 25 coup, and to Generals Pires Veloso, Pezarat Correia and Franco Chagas, the commanders of the other military regions. But meanwhile Gen. Costa Gomes, the inscrutable president of the republic, weathered all storms.

Constitution

Political party life became intensified after the election of the Constituent Assembly, and while this body wrangled over the country's future constitution, there was a ballet of political toing-and-froing around the successive governments. Alliances appeared to be on the brink of fulfillment, then faded. Squabbles broke out and were patched up. Parties used their participation in the government as a bargaining chip, threatening to resign and break up the balance if their demands were not met.

The Socialist party leader, Mr. Soares, who had been a political stormy petrel since his childhood, threw himself into the political maelstrom with weight. The emergent Popular Democrats, led by Francisco Sá Carneiro, veered to the left and then to the right. The Communists and MDP held their peace and worked for their own mutual victory. The party leaders have become even less friendly since they are no longer government members, and a shifting of the balance of their popularity after the forthcoming elections will not ease their relations.

The economic backdrop to Portugal's agitated political and social life has been a gloomy one since April, 1974.

The economic inheritance from the former regime was a poor legacy. Drained by the costly African wars with a low standard of living, Portugal was struggling to maintain its place as a colonial power and at the same time make its way into the European Economic Community. The country



Army soldiers clowning after successful coup in April 1974.

had two great financial assets—the millions of escudos which poured in yearly from emigrants' remittances, the country's biggest source of invisible income; and tourism, its second biggest source of foreign exchange.

The Problems

Both of these sources shrank immediately after April 25, 1974. The hundreds of thousands of emigrant workers felt it safer to keep their money in the countries where they were employed—France, Germany, the United States, Canada, South Africa, Venezuela. The tourists were scared off by the word "revolution."

The emigrants are now beginning to send back their remittances once more, and a big drive is boosting foreign tourists' confidence in Portugal as a vacation site.

Nevertheless, even though the costly African wars have ended and the former African colonies have been granted independence, Portugal has lost one of its traditional export markets. At the same time the state is burdened with the upkeep of hundreds of thousands of refugees from the wars, the majority of them black or of mixed race. To these must be added the large number of civil servants and other officials returned from abroad—and who by

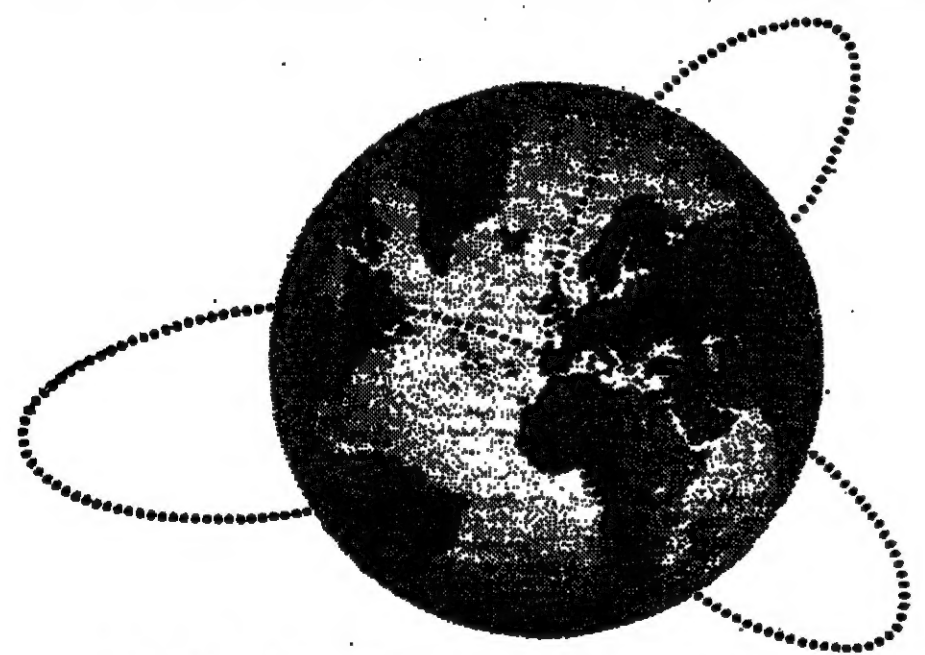
law cannot be dismissed, whose salaries must be paid. They are costing the country a very large sum of money, indeed, are swelling unemployment, aggravating the food problem, and filling the hotels needed for the tourist drive. It is estimated that there are about 500,000 returnees in all.

Nevertheless, if one talks to the men at the top, they express optimism about Portugal's future. Jorge Campinos, the Minister of Foreign Trade and Tourism, is somewhat active in his search for markets to replace and extend the old. Foreign Minister Melo Antunes is unstinting in efforts to expand diplomatic and economic relations all over the world.

Finance Minister Francisco de Sá Carneiro voices optimism. Portugal will pull through. Friendly nations—the United States and West Germany, foremost, among them—are coming forward with aid in the form of financial loans, and credits.

Foreign and home investments are being encouraged by favorable terms.

If there is lack of expertise in the running of the state machinery, there is at least good will, and tireless endeavor is being displayed by Portugal's leaders to set the nation on its way toward an honorable place in world democracy.



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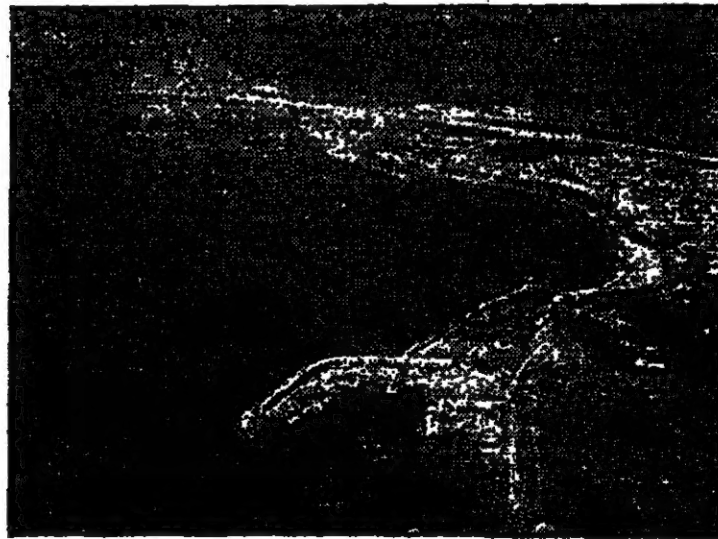


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سینس کمپلکس

الشرق الأوسط

The Key to Economic Resurgence Is in Recovery of Foreign Trade



(Continued from Page 7)

from the 1974 level was centered in textiles, wood and timber products and cork.

A factor in the exports' decline was the granting of independence to African territories, which previously had had the status of markets reserved primarily for Portuguese goods. Exports to Angola did rise 8 per cent, but that was more than offset by a decline of 20 per cent in goods sent to Mozambique. The diminution of these former colonial markets affected especially the wine, textile and light metalwork industries.

Other factors in the decline of exports, certainly, were the rise in the cost here of raw goods and the Portuguese labor unrest, which hampered domestic industry, of course, but which had the further effect of lessening for-

sign buyers' confidence in Portuguese contracts.

To help exports, the Portuguese government not only is considering direct financial help but also has launched an intensive diplomatic campaign to find new or larger markets in different parts of the world. The Third World and Eastern Europe figure importantly in this program, and diplomatic efforts by Lisbon have secured trade agreements with the Soviet Union, Yugoslavia and Romania. It is felt that there is much room for Portuguese growth in East European markets, which took only 1 per cent of this country's exports in 1974. Lisbon's recognition of the new Angolan government is expected to increase exports to that nation.

Exports to Western nations

have done fairly well. The value of those sent to the nations of the Organisation for Economic Cooperation and Development, which has more than 20 members, accounted for only 6.5 per cent of total exports, but that represented a rise of 21.6 per cent. Exports to EEC and EFTA customers rose 32 and 33 per cent respectively in value, indicating no change in volume.

A Drain

The government has had the financial drain of meeting the trade deficit with outlays from its currency reserves in the Bank of Portugal. As of last Dec. 31, these reserves totaled 31.7 million contos, a steep drop from the 56 million that was on hand in 1974.

To raise operating capital, a sale of some small amounts of gold in the reserves is anticipated. An experimental offering in January put 4 tons on sale, representing half of 1 per cent of the 800 tons on hand. The Finance Ministry said in January that monetary reserves total \$280 million.

No one in authority is taking an overoptimistic view of the short-term prospects for ending Portugal's economic miseries, many of which are blamed on the old rightist dictatorship.

Senior government officials are making a serious effort to resolve the difficulties. The hope is that if the Portuguese economy can be buoyed with the establishment of new markets abroad and political stability at home, the long-range future will be assured.

Tackling Portugal's Financial Problems

LISBON.—It is time we "making a revolution," Mr. Francisco Salgado said in a recent speech. On Jan. 19, in an interview with the International Herald Tribune, he declared: "We are not of an economic 'know this. And we are ill win through."

g to Mr. Zenha, 53, is one of the pillars of the Socialist party, Portugal's many financial insuperable.

ing the country's dictators and people to begin building a new, of course, seeking unity that would rid us of many problems and rival economic

Time's Plans

le, he said, the government undertaken several provided to solve financial and, beyond the borders, other nations' governments responding to Lisbon for aid in the form of credits and investments.

Among the government plans is a program for the investment of about 240 million contos of public funds in the 1976-1980 period. The outline of this year's government investments under the program will soon be made public, he said.

Credits

In addition, the finance minister said, the government is planning selective credits to industry, to help pull production out of the depression it has suffered since the 1974 coup d'état. Mr. Zenha said that industrial concerns' outlays would be reduced by the amount of the government credits.

The nation's industrial health has already shown some improvement, he said, with textiles, steel and construction having become "revitalized" in January.

Mr. Zenha also said that the condition of Portuguese banking is better now than it was in the crisis that followed the 1974 revolution.

Portuguese banks are being taken over by the state under a nationalization program, which does not include the Portuguese



Francisco Salgado Zenha, Minister of Finance

The minister said that so far this year bank deposits have increased by 12 million contos. He strongly denied current rumors of a lack of liquidity in Portuguese banks and he rejected the possibility of a devaluation of the escudo.

He said that the Lisbon Stock Exchange, recently reopened with limited activity, is in a positive situation.

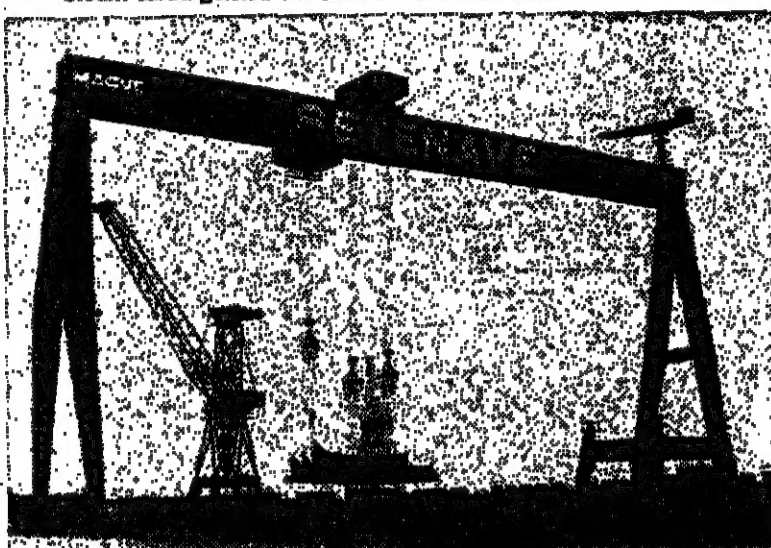
Emigrant Portuguese workers' remittances are now flowing into the country more normally, after a sharp drop following the revolution, the finance chief said.

Mr. Zenha acknowledged that decolonization has had an adverse effect not only on Portugal's foreign trade but on the domestic economy, which has been burdened by the returnees from Angola and Mozambique. Estimated to number about 500,000, they include many persons who are destitute, the minister said. The state is giving subsistence aid to the majority of the returnees and is required to pay salaries to many who were civil servants abroad but cannot find such work now in Portugal. Their salaries average 7,000 escudos monthly.

branches of three foreign banks—Brazilian, British and French—or any bank in which the capital is at least 20-per-cent foreign.

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A New Industrial Policy Takes Effect

(Continued from Page 7)

are going to Portugal. The economic aspect is linked to the market both at home and abroad. One already sees a certain recuperation in the textile sector.

"For the social aspect," he said, "the stimulus of cooperation between the workers and administrators must be found, for the workers do not always organize themselves in a manner conducive to stepped-up production with a view to increasing national wealth."

"Then, a plan must be launched which makes possible the workers' participation in the life of the firm, and consequently in the economic recuperation of the country."

"On the other hand, under the old regime, access to industry was extremely restricted by the so-called Law of Industrial Conditioning. This, accompanied by strong customs protectionism and the payment of very low salaries, gave rise to the proliferation of really small firms which had no economic viability. Official statistics show that medium and small firms represented 90 per cent of the structure of Portuguese industry."

Demand of Competition

"Thus, in order that national industry may confront the growing demands of competition, it is necessary that in the immediate future reforms take place in these firms. The association or merger of small firms must be encouraged. Various industrial sectors must be organized and a viable economic dimension must be bestowed upon them."

Mr. Rosa said the investment is an important factor in this reorganization.

"There must be investment," he said, "new achievements must be gotten under way, new undertakings, so that we can fight unemployment."

The unemployment figure today is the highest that Portugal has ever known, estimated at about 400,000, and increasing. Basic reasons for this high figure are the country's economic and industrial crisis and the return of the Portuguese army from Africa, plus the influx of more than 200,000 Angolans who have fled the former Portuguese colony.

"This investment effort must be at a high rate of growth, not

"It must be stressed that apart from the basic industries, no further nationalizations are in view. There will be coexistence of the private and national sector. The Ministry of Industry and Technology is deeply involved in the development of both sectors, with a view to national prosperity."



Walter Rosa
Minister of Industry
and Technology

only aiming at the substantial increase of national production, but also correcting regional imbalances by increased development of the less-developed areas," the minister continued.

This policy of expansion will entail a serious export drive, he said, which will be extended to East European countries and the Third World. Besides such traditional exports as cork, timber and textiles, Portugal is now "well able to export heavy industry goods in the fields of shipbuilding, heavy metallurgy and the chemical and cellulose industries," he said.

Investment Policy

Mr. Rosa added that the Portuguese government's policy of investment, credit and market expansion is accompanied by an economic, financial and social program which has room in it for both public and private initiative, domestic and foreign. He outlined this development thus:

"There is a plan for electric power and mines, which provides for new electric power production centers including dams, for thermal and nuclear plants and for other projects relating to the refining of oil, including the Sines refinery."

"In the mining sector, there is a whole series of new projects. Among them is one for the Al-

justal pyrites mines, in the southern Alentejo province, which have some 500 million tons of reserved mineral deposits. This will deal with the transformation of such products as sulfur for the production of sulfuric acid, ashes of pyrites for use in the steel industry, production of copper and other metals. The hematites (a mineral oxide of iron) from the north Portugal Moncorvo mines, will also be exploited for the benefit of the national steel industry. High-speed mining to produce 2 million tons a year is being envisaged as well as treatment of these ores."

Mr. Rosa then spoke of Portugal's uranium mines in the north of the country at Urgeira, Nisa and Castelo de Vide, which have large reserves. The exploitation of the deposits will precede nuclear constructions and factories for the treatment of the mineral will be built.

Valuable Commodity

According to the minister, other projects for the country's mineral wealth include the exploitation of wolfram, with production of tungsten. Wolfram proved to be a valuable commodity for Portugal's economy during the last world war, when Allied and Axis interests vied over it. Other fields include those of rock salt for the production of

chloride to be used in the plastics industry; the synthetic deposits of Monchique in the south; lignites, which are found in the central Rio Maior area and marbles and quartzites. Granite is a coarse-grained plutonic rock which is used in the production of aluminum.

Speaking of the government's projects for heavy industry, the minister said, "The national steel plan envisages amplification of the present installations of the Siderurgica Nacional in order to raise its present 600,000 tons a year output to 2 million tons. This represents an investment of about 30 billion escudos. National equipment will absorb about 60 per cent of this, 3,000 new jobs will be created and there will be an extremely significant effect upon the balance of payments."

There is also the Sines petrochemical complex, which includes the Aromatics unit. This is run by the Companhia Nacional de Petroquímica and is already in an advanced stage. It involves a global investment of 17 billion escudos with a 55-per-cent government participation. It will create 2,000 new jobs, in addition to the considerable employment created during its construction. It is designed for production of ethylene for the plastics and rubber industries.

Mr. Rosa also spoke of the

Oporto petrochemical complex, in which 16 billion escudos have been invested and which will provide work for 2,600 persons.

Light Industries

"In the light industries sector there is a series of undertakings in view," he said. "Among the prominent ones are 150 million escudos worth of investments in tractor-manufacture to produce 6,000 tractors a year. After four years, this should bring in 4 billion escudos in annual sales." The Portuguese government has just announced its approval of this project.

"We shall also begin the building of trucks, of agricultural machinery, railroad cars and we intend to build factories for the production of beer sugar. We are thinking of making electric appliances such as washing machines and refrigerators and we shall take steps to recover and expand existing industries such as tobacco, beer, soft drinks and glassware."

Asked about foreign investment in Portuguese industrial projects, the minister said: "A code defining the principles in this field is to be published shortly. It will cover sharing of profits, and the usual international guarantees in this field."

"The Portuguese government is sympathetic to foreign investment so long as it does not create dependence, which is a characteristic of some multinational firms. However, outside investment can play a positive part in the industrialization of the country, above all if it takes the form of diversifying the manufacturing scene and the existing trade circuits. Also if it provides an adequate structure of capital to make possible the introduction of advanced technology which allows for greater productivity by more qualified workers."

Mr. Rosa referred to the nationalizations which have been taking place here in all sectors, including banking as well as industry. "Speaking of this problem, it must be stressed that apart from the basic industries, no further nationalizations are in view. There will be coexistence of the private and national sector. The Ministry of Industry and Technology is deeply involved in the development of both sectors, with a view to national prosperity," he said.

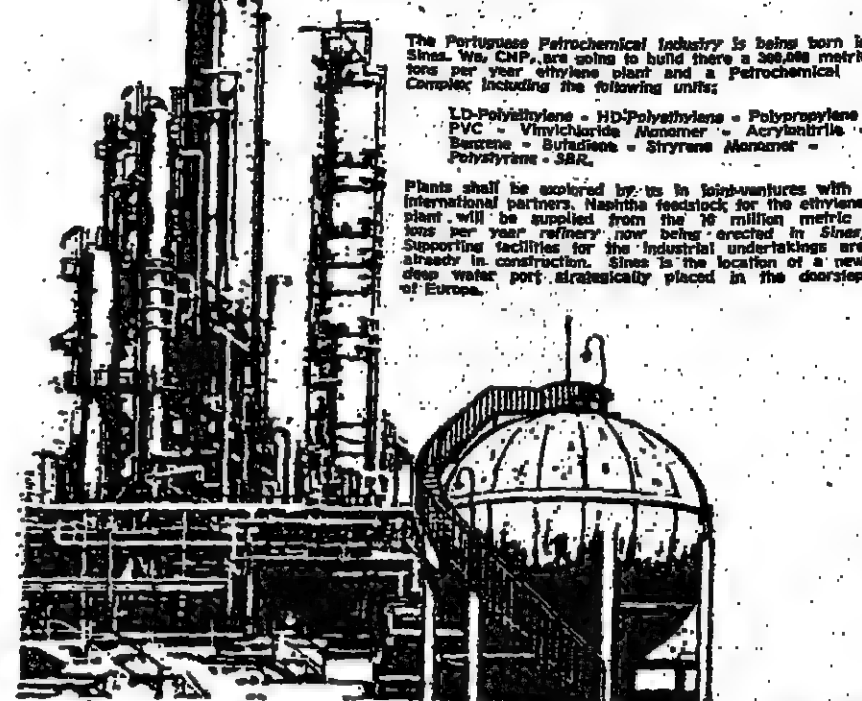
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FACING THE ATLANTIC A NEW PETROCHEMICAL CENTER IN EUROPE



The Portuguese Petrochemical Industry is being born in Sines. The CNP is going to build there a 300,000 metric tons per year ethylene plant and a Petrochemical Complex including the following units:

LD-Polyethylene - HD-Polyethylene - Polypropylene - PVC - Vinylidene Chloride - Acrylonitrile - Butadiene - Styrene - Styrene Monomer - Polystyrene

Plans shall be executed by us in cooperation with international partners. Necessary resources for the ethylene plant will be supplied from the 16 million metric tons per year refinery now being erected in Sines. Supporting facilities for the industrial undertakings are already in construction. Sines is the location of a new deep water port strategically placed in the doorstep of Europe.

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PORTUGAL AND THE EEC

To understand how enormously important it is for today's democratic Portugal to have closer ties with Europe, one must look at the country's social-economic, political and cultural prospects.

It is fair to say that Portugal, an eight-hundred-year-old nation, is living through one of the greatest crises in its history. The country is in a state of shock. It is prone to tremendous uncertainty and doubts at all levels; questions are raised for which there is no immediate answer; real and powerful changes rock the very foundations of Portuguese society. The very fabric of our national identity, the image we have been given of ourselves over the last few centuries, is now at stake.

The characteristics and idiosyncrasies of the Portuguese are the fruit of a complicated process. Apart from clashes of different cultures, races and influences common to other European countries, Portugal's formation and development have always been driven by centrifugal forces pushing the inhabitants out of the territory—the only means of solving the problems facing them.

A powerful neighbor which, for many years, refused to accept the independence of a little state; Portugal's ensuing isolation when it was forced to turn to the ocean and learn how to use it; the drive towards expansion, without any substantial military power, which called for both daring and compromise and, finally, a centuries-old social structure based on deep-rooted inequalities which the poor subsist and facilities gained from colonialism perpetuated through slow economic development—all these factors gave rise to both strong national cohesion and ambiguities which prevented an efficiently, coherently drawn-up and executed plan for living.

Thus, a nation clearly European in its culture, its trading, its industry (where foreign influence is marked), has never been able to get away from the idea that its isolation and weaknesses can only be offset by lasting implantation in other areas. Furthermore, its internal problems have always been solved from the outside, and these solutions have never really affected, or strengthened, the country as a whole.

This fact plus the internal weaknesses of the national economy have given Portuguese colonialism a fundamental characteristic: the people have never greatly benefited from this type of expansion, and have paid a heavy price and made considerable sacrifices because of such adventures. To top it all, a long dictatorship (energetic and ideological at first, then decrepit and paternalistic), lasting fifty years, damaged the future prospects of wide sectors of the population and gave a false sense of security, through stagnation, to a generally corrupt and shortsighted plutocracy. The evolution of the last fifteen years where there was real improvement in standards of living but only at the cost of fundamental distortions in economic growth, merely served to blind people to the inevitable realities that had to come, sooner or later.

When April 25th came about it was obvious—although many people could not see it at the time—that this was not a straightforward political change. It was clear that Portuguese society, already thoroughly decadent, shaken by a war that had lasted fourteen years and threatened to go on forever, senselessly, could not cope with the tremendous upheavals and shocks confronting it. It was obvious that future economic-social structures would undergo unpredictable changes in coming years. All this would occur in a country without democratic habits, without the sort of internal wealth that could soften the blow, at a time when international recession was bound to make it harder to define national plans.

This is the essence of the problem: to know what sort of future the Portuguese want for themselves, where and how they can fit in, what means they have at their disposal and under what conditions and limitations they must make their choice.

The knowledge that their own liberation had to come from the liberation of the people of the colonies and that it was due greatly to the struggles of these people, engendered feelings of guilt and fear in many Portuguese. Guilt because they had taken part in an unjust war against their own interests; fear because they were afraid that once they lost the sham "independence" represented by the colonies (which in fact created a different, grave type of dependence) they would not be able to survive in Europe, which was technologically and economically far more advanced than Portugal. This gave rise to two basic types of reaction.

First of all, a trend that was not exactly isolationist, but that wanted, simplistically, to break the traditional ties of cooperation which they felt were harmful to national independence—an independence whose content and contours have never been clearly defined. They thought

they could replace these ties by others, as if the change could be wrought by a simple shift in policies, without bringing about new commitments.

Above all, this "independence" was based on breaking down the system of internal production. And so, they tried out revolutionary formulas, totally unrelated to the real sociological context of the country. Lack of any practical ability to solve concrete problems led to a worsening of the crisis. Large sections of the population could not see the validity of this sort of objective. Artificial attempts were made to include Portugal in the Third World and to provide the sort of solution that, basically, came from a form of intellectual subterfuge and a refusal to face the specific problems of Portugal's backward but also complex and multifaceted society.

There was a second line of thought which accepted diversification of the country's international relations; however, it put the accent on relations with the ex-colonies and the Third World as a whole. Here too, basically, there was a refusal to accept that Portugal's multi-continental role had come to an end and an attempt to prolong this vocation, albeit on entirely new and egalitarian grounds. Internally, those who followed this trend felt it was highly dangerous to destroy the social fabric in the country's real geo-political circumstances, and build a new society from scratch. And so, they looked for gradual changes that could avoid a return to an authoritarian form of government, while simultaneously creating new formulas for the lifestyle, wellbeing and social and economic equality for all Portuguese. In view of the instability of power, the lack of experience of most of our politicians and citizens as a whole, the unleashing of uncontrolled forces by organized groups bent on seizing power, it is hardly surprising that the process of setting up a viable project has been slow and arduous.

Meanwhile, this project is in the making and—bearing in mind the circumstances—it is coming about with a notable lack of violence, although the social costs are high.

If this project is to take shape, however, and galvanize the energy of the Portuguese, it must be based on an accurate analysis of the country's socio-economic characteristics. It must take the external climate into account, and it must aim at achieving national goals in an ambitious, realistic manner.

It is worth taking a closer look at each of these factors, even though one runs the risk of oversimplifying or glossing over extremely complex questions.

As far as the most important socio-economic characteristics are concerned, the following trends must be noted:

a) Portugal, inherited from the former regime an economy that was thoroughly unbalanced, due to the stagnation of agriculture, to marked distortions in regional development and industrial structures, to unequal distribution of wealth, to growing dependence on the outside world and to using emigration as an artificial solution for unemployment.

b) The international economic crisis, and ineffectual government after April 25th aggravated the situation. The GNP dropped overall by 6%; private investment, which the State could not replace, veered downwards; innumerable firms dropped out only by an increase in credits from nationalized banks collapsed financially; unemployment swelled (12% of the labor force); the public sector suffered huge running losses (U.S. \$230,000,000); there was an enormous increase in the balance of payments deficit (U.S. \$1,500,000,000) due to a rise in imports to meet the rise in home consumption caused by general wage increases; a massive drop in productivity; the effects of decolonization; and, finally, the accelerated deterioration of the internal money and financial markets.

In the area of international relations, the following points should be borne in mind:

a) Portugal has some 1,500,000 emigrants living and working in Europe. They sent home a substantial proportion of their wages, amounting to about \$1,000,000,000 (U.S.) a year in 1972 and 1973. In 1973, the figure came to \$760,000,000. This totally altered the consumer patterns and the attitudes of important rural areas.

b) Almost 60% of foreign investment comes from the EEC or EFTA countries. In recent years it has never amounted to more than 5% of our overall private investment and has concentrated on export industries.

c) About 63% of national exports go to Europe, 60% of our total imports come from Europe.

d) Portugal was a member of EFTA from the start. In 1972, an agreement was signed with the EEC, providing for a free trade scheme that did not cancel out existing advantages enjoyed through Portugal's membership of EFTA.

So—what sort of project is needed to rebuild Portugal along new lines? What role will Portugal's relations with Europe play in this context?

The results of the 1975 elections and recent political developments indicate that the Portuguese people accept the goals presented to them initially on April 25th, 1974—that is, decolonization, democracy and progressive elimination of social injustices and economic inequality at home; and, abroad, cooperation with all countries, and a diminishing of the degree of economic dependence inside the framework of traditional alliances and geo-strategic circumstances.

This sort of program must be carried out harmoniously without isolating any part of it, in order for it to be carried out, we must have strong political power made legitimate by free elections but, above all, the plan must be the programme of a government that is strong, firm and lasting, so that our institutions may be strengthened. I believe that the greatest danger currently threatening such a project lies in the degradation of our economic situation. If we cannot reverse the course of events within a relatively short time, all our other goals will be at stake. The secret of the solution comes from finding a balance between the satisfaction of the legitimate aspirations of the most underprivileged classes and a plan for national recovery must begin by stabilizing and strengthening the democratic system. The forthcoming elections for the Legislative Assembly and the Presidency of the Republic will make this possible. Equally important is the fact that, in an act revealing both courage and vision, the Armed Forces have drawn up a pact with the political parties thanks to which political power will be wielded by civilians, while the Armed Forces provide the guarantee that institutions will operate freely.

If it is to be efficient, the government must emerge from the elections must be able to exercise discipline—discipline which must be accepted. What is called for is a fair social project which does not place the weight of necessary and inevitable sacrifices exclusively on the shoulders of the poorer members of the population. To achieve this, one must not confuse the State machine and the party machines. The former must be cohesive and effective and immune to eventual changes in party leadership—otherwise it will destroy itself.

It would be a tragic mistake to try to solve our problems by going back to a dictatorship, whether of the left or the right. Not only would this once again isolate the country internationally, it would also create internal tensions which could put on end to any evolution. The social project calls for the mobilization of all the country's material and human resources, and it must take the following priorities into account:

a) Unemployment must be absorbed by strengthening existing public and private sectors, clearly defining the rights and duties of investors and the limits of State intervention, and creating channels for savings in order to finance productive investment, especially in labour-intensive projects.

b) A stable price and incomes policy must be established, geared to improved productivity. This will permit us to launch industries that supply the home market, thus reducing imports, and that also allow us to diversify our exports both in terms of structure and markets.

c) High priority should be given to the reorganization and efficiency of agricultural production. This has been overlooked for years and the sector is vital.

d) Portugal needs to make huge efforts in the field of educational infrastructure, as well as in hygiene and health, sanitation, transport and communications. A vast public works scheme must be launched and the existing regional imbalances must be corrected.

e) The public sector must be restructured. The ancient administrative machine must be brought up to date, and we must make tremendous efforts to train and recycle management, both in the private and public sector.

f) To cure the financial difficulties of several sectors, such as small and medium sized firms, we must have both direct measures in the sectors themselves, and an overhaul of our banking system (currently under way), and the money and financial markets.

How can Europe help Portugal to find solutions?

I feel that cooperation can and should be given at all levels. The support of European democracies is essential to us, but we must not forget above all that instability in Portugal can be harmful to Europe as a whole. Close ties between Portuguese and European democratic parties should be a constant factor, a pillar on which all cooperation rests. Democracy is a way of life that is created day by day; outside experience can avoid a number of stumbling-blocks which, otherwise, we would have to overcome.

Europe also has an important part to play at an economic and financial level.

On an emergency basis, Portugal will need financial aid as to immediately launch some essential projects and infrastructures until such time as internal investment can play its proper part again—once confidence is restored.

The EEC has understood this and rapidly granted aid in the form of 150,000,000 units of account for this very purpose.

At the same time, a draft agreement is due to be negotiated which will permit a substantial increase in the amount of financing granted. Also, EFTA has agreed to grant a sum of \$100,000,000 (U.S.) under the aegis of an Industrial Development Fund. Simultaneously, several countries, on a bilateral basis, have negotiated or are in the process of setting up financial aid for specific purposes such as agricultural projects and community buildings. Also, the government has obtained credit from central banks, destined to ease the pressure on the balance of payments.

One has grounds for hoping that after the elections, and once a medium-term government plan has been published, the cooperation needed on a financial level will be stepped up, on a coordinated basis.

Essentially, all forms of cooperation should be geared to restoring the national economy on a sound basis, aiming at the greatest possible degree of home-based development, and reduction of our present, excessive dependence on the outside world. It would be self-deceptive and dangerous to believe that peaceful development can be achieved in any other way.

In a hybrid economy (hybrid in terms of development) like the one we have in Portugal, we must strengthen and expand the trade facilities granted by the 1972 EEC agreement. Our reasons for doing so are even greater now.

Now is the precise time for Europe's support for democracy in Portugal to make itself felt. Now is the time when the viability of this democracy may be at stake. Gradual transformation of our national export structures will take time. Meanwhile, as far as industrial products are concerned, we must find outlets for textiles and articles of clothing as well as for paper. We must get agreements extending the duration of current tariff concessions for a list of products that has already been provided, and the special schemes for new industries must be extended.

Agricultural products—one of the major problems discussed in 1972—especially wine (and above all Port wine), canned fish, and horticultural products are Portuguese exports which could cause serious problems if sales dropped or stagnated. The EEC's understanding and agreement appears to match up to Portugal's requests in the area of social security, but we still need to define forms of cooperation in the labour field. Training of managers and cadres can be intensified if we can set up a long term system of cooperation. The general framework for priorities in this field is now being finalized, and this can be a solid basis for a working plan. I would also like to say something about the part that foreign investment can play in Portugal.

Obviously, a developing country like ours has to protect the overall balance of its growth. The OECD recognised this when it accepted certain special principles covering outside investment. What counts the most for an investor is a guarantee of political stability—which we are on the way to achieving—and a clear definition of the rules of the game, provided by a foreign investment law. Naturally, the government defines sectors where investment is most desirable, as well as those where it does not seem useful. Also, the government can weed out investors who seek merely to exploit cheap manpower from those who accept the general principles by which the country is ruled. The latter are offered possibilities for cooperation that benefit both sides, once negotiations laid down by the law are carried out. The present government is committed to creating working conditions which, in future, will bring balanced growth to the Portuguese economy, and correct longstanding injustices and inequality.

In turn, Europe has already shown understanding of the need to help our country to become a fully-fledged, useful member of a democratic European economic community. I think this is our true vocation. I feel this is the only road open to us.

ROYING AMBASSADOR:

Doctor VASCO VIEIRA DE ALMEIDA

فكرنا اننا لنكون



Portugal's Festivals

There are hundreds of regional festivals of one kind or another in Portugal every year. They take place in cities, towns and villages, and many of them have a religious basis. All of them are picturesque and gay. Some of them feature bullfights, others are just processions and stalls for the sale of local products. Here

are a few of the more interesting ones which attract visitors:

March 19: Holy Week festival in the northern city of Braga, with religious processions to the pilgrimage church of Bom Jesus, perched on a hill outside the city, and to the Cathedral.

April 18: Opening of the bull-fighting season on Easter Sunday in Lisbon.

April 24-25: St. Mark's Fair at Alter do Chao in the southern Alentejo province.

May 1-4: "Festas dos Cruzes" and annual fair, combining religious ceremonies and a popular festival, including an exhibition of local ceramics, in the northern town of Barcelos.

May 2: Pilgrimage and Festival of Our Lady of Fiey, at Loulé

in the southern Algarve province, with regional dancing, fireworks and processions.

May 2-5: Traditional Festival of Our Lady of the Wounds, with processions, popular entertainment and fireworks, at Sesimbra, an hour's run from Lisbon on the sea, on the south side of the river Tagus.

May 8: Festival of Beatas in Vila Franca de Xira, a small bull-fighting town about 8 miles north of Lisbon.

May 12-13: Annual pilgrimage to the shrine of Our Lady of Fatima.

June 5: Festival of S. Gonçalo in Amarante, a northern town, with a battle of flowers, folk dancing and fireworks.

June 13-20: Lisbon's Festivals of the Popular Saints with fancy dress processions through the city and a popular festival in the old Mouraria quarter of the city.

June 14-24: Annual St. John's Festival in the seaside town of Vila do Conde.

June 20-30: The town of Oporto's Festivals of the Popular Saints, especially the St. John Festival, with wild rejoicing and dancing in the streets.

June 23-24: Traditional City Festival in Braga, during which King David dances in the streets surrounded by his courtiers. The part of David is always played by a member of one traditional family, as a hereditary privilege.

June 24-30: In the old Roman city of Evora in the Alentejo province. St. John's fair, a Gypsy fair.

June 26-28: St. Peter's annual fair in Sintra, near Lisbon.

July 4-11: Festival of the Scarlet Waistcoat in Vila Franca de Xira, a rural feast in which the Campinos, the men who round up cattle, ride in procession and display their skill, bulls are run through the town to the bullring and there is dancing.

First fortnight of July: Festival of the Holy Queen in the old university city of Coimbra, with a solemn night procession, folkloric dancing.

August: First Sunday in Guimarães in which streets are decorated and lighted, and regional displays are offered during the four-day "Festas Guisanderas."



The Campinos, the cattlemen in traditional dress, put on a display.



A procession outside the ramparts of Monsanto, celebrating a local feast day.

August 9-14: In Alentejo, 30 miles from Lisbon, the "Green Stocking Cap" festival of the cattle herders.

August 22: Feast of Our Lady of Agony in northern Viana do

Castelo, with processions, folk dancing and bullfights.

September 7-11: Our Lady of Nazaré festival in the seaside town of Nazaré north of Lisbon.

October 16: Cattle fair and bull-

fight in Santiago, north of Lisbon.

November 10-12: Horse fair in Golega.

December 31: Fireworks display

over Pinhal, capital of Madeira Island.

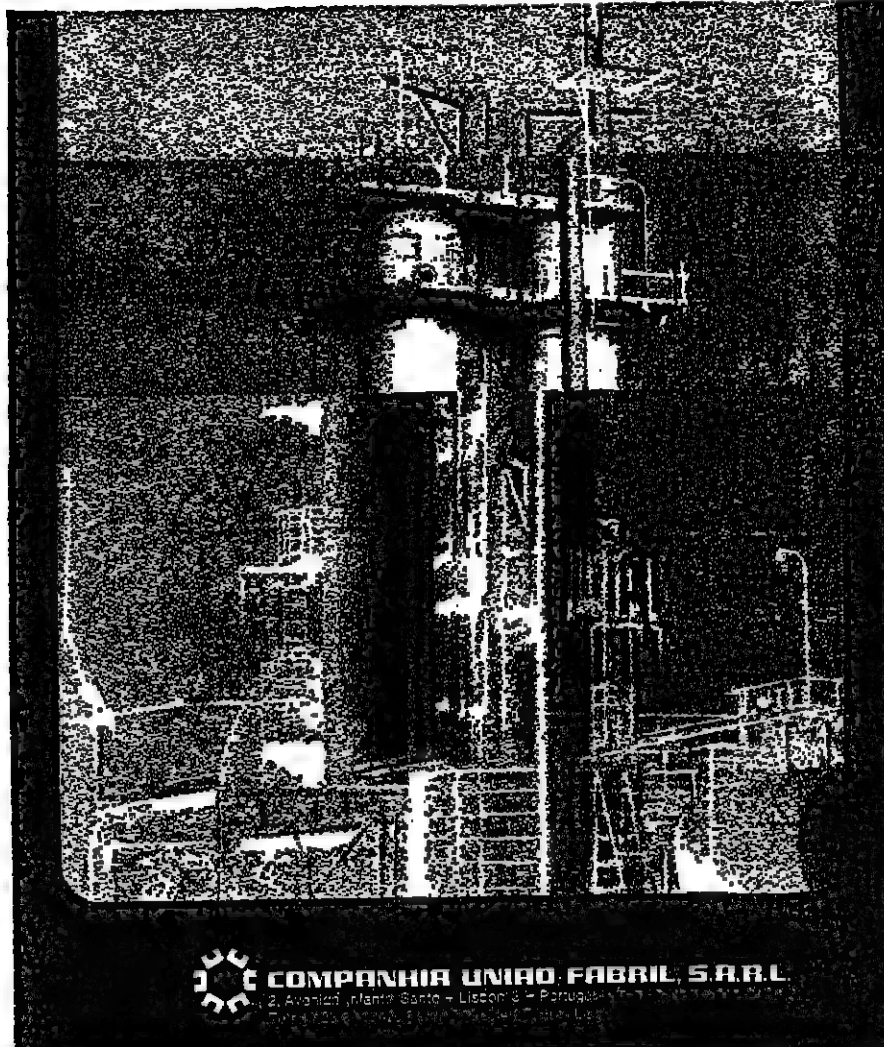
In Lisbon from April to September a regional and folk market is open on the banks of the river Tagus.

We gave birth to a new age in Portugal

We established the industrial age in our Country. We employ 7,500 people distributed over three big sectors:

- Chemicals: products for industry, fertilizers and pesticides
- Textiles for industry and the home
- Consumer goods: foodstuffs, oils, soaps, etc.

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PORTUGUESE FERTILIZER INDUSTRY

The Portuguese fertilizer industry developed after World War II, when production facilities within Portugal began to satisfy a significant part of the increasing fertilizer demand.

Development of the fertilizer industry in Portugal has been strongly tied to the growth of ammonia production. Of the three basic nutrients (nitrogen, phosphorus, potassium), nitrogen is totally produced in Portugal. Phosphate rock and potash must be imported and, consequently, phosphorus and potassium fertilizer products have not developed to the extent of nitrogen-based materials.

Modern industrialization has been a feature of the post-war period and, while fertilizer nitrogen production dates from the early 1950s, it was not until a further ten years had passed that the industry really started to grow. In consequence the fertilizer industry is young and quite vigorous.

Fertilizers really have a key role to play in the development of Portugal, the fertilizer industry being on the whole considerably turned to the export market.

Four nationalized concerns—Amoníaco Português, Companhia União Fabril, Nitratos de Portugal and Sociedade Portuguesa de Petroquímica—operate industrial complexes located at Estarreja, Barreiro, Alverca and Cabo Ruivo, respectively.

Exports of fertilizers from Portugal have provided a means of utilizing full production capacity. The participation of Portugal in the international fertilizer market is based on a sound experience of exporting several types of products, bagged or in bulk, to worldwide destinations.

The full range of fertilizers, produced by the nationalized concerns and available for export, is shown on the following table.

PRODUCTS	ANNUAL CAPACITY (metric tons)	UNITS LOCATION	AVAILABILITY FOR EXPORT (metric tons)			
			1976	1977	1978	1979
Ammonium Sulphate	320,000	Barreiro Estarreja	50,000	50,000	50,000	50,000
Anhydrous Ammonia	295,000	Barreiro Cabo Ruivo	30,000	15,000	—	—
Calcium Ammonium Nitrate	458,000	Alverca Barreiro Estarreja	195,000	190,000	180,000	160,000
Complex Fertilizers	376,000	Barreiro Estarreja	85,000	103,000	114,000	114,000
Single Superphosphate	200,000	Barreiro	30,000	30,000	30,000	30,000
Triple Superphosphate	120,000	Barreiro	50,000	50,000	50,000	50,000
Urea	50,000	Barreiro	20,000	18,000	16,000	14,000

	Address	Unit Location	Telex	Telephone	Cables
Amoníaco Português	Rua Silva Carvalho, 234 Lisboa-2	Estarreja	12525 AMPOR P	682172	AMONIAO
Companhia União Fabril	Avenida Infante Santo, 2 Lisboa-3	Barreiro	12301 - 12426 FABRIL P	674011 674061	FABRIL
Nitratos de Portugal	Rua das Navegantes, 48 Lisboa-2	Alverca	12736 NITROS P	601051	NITRATOS
Sociedade Portuguesa de Petroquímica	Ave. António Augusto de Aguiar, 104 Lisboa-1	Cabo Ruivo	12864 PETRO P	538801	PETROQUIMICA

CEMENT INDUSTRY IN PORTUGAL

The Portuguese Cement Industry is composed of seven factories spread around the country, which offers very good calcareous reserves. One of these enterprises, having an important foreign capital participation, has a private enterprise statute, while the other six are nationalized.

The total capacity of production during 1976 will be about 4 million tons, and will grow up to 5.7 million in 1977. Almost all the installations are modern—of the total capacity shown for 1977 (5.7 million tons), 4.5 million are produced in factories constructed after 1965. A 4,000 ton per day production, through a dry system, which corresponds to the biggest figures existing actually, is to be especially noted.

The internal use of cement in Portugal is still rather low: 3.6 million tons this year, which is to say approximately 400 kg. "per capita." The plans of development of infrastructures for housing, transports, barrages, etc., which are being studied now in Portugal, will bring a significant increase of the use of cement.

Our industry has been exporting regularly, although in small quantities. The new lines of production, which are now being achieved, will create wider possibilities of exportation, which will surely be utilized.

The quality and standard technical characteristics of the various types of cement produced are a justified reason of pride for the 3,000 workers in this sector of Portuguese industry.

daily is 125

• The petrochemical complex, which is being installed by CNP (Companhia Nacional de Petroquímica), a firm also formed by the consortium SONAP/CUF. The 12-unit complex is designed to

An aerial view of the Sines oil and petrochemical complex now under construction.

In addition to serving the industrial complex, the port will be geared to handling general cargo.

- An ore terminal with depths of 25 meters to accommodate bulk carriers of 250,000 dwt of the

The area is getting a super-highway network and new railroad service.

pheric pollution are already finished. GAS has introduced the use of modern technologies

Investment

ing plastics, synthetic rubber and fibers, fertilizers, processing of pyrites (3 million tons a year of copper, zinc and lead plus iron) a chloride and caustic soda factory, "mini-steel" industry and the truck building unit. The possible addition of automobile construction would bring this up to 75 million tons.

PETROSUL, a state owned company of the 36-year-old Portuguese oil industry is building at SINES, 150 km. south from Lisbon, one of the world's largest grass roots refineries: 10,000,000-ton/year nominal crude capacity.

This new development, planned well ahead of home market requirements, will come on stream by the end of 1977 as a refining unit able to supply the international trade of oil products. It will add new capacity to the Western refining industry at a time when it is expected to be required again, due to the slow-down of new investment during last year's economic recession and energy crisis.

The location of the refinery and its unusual port facilities for V.L.C.C.'s favor a very attractive flow pattern of crude and products between Middle-East and African producing countries and large consumption centers in Europe and North America.

Its technical design and sophisticated engineering grant very high performances in treating almost any kind of crude oils and make it able to yield the full range of refined products and meet all specifications, namely for lead and sulphur contents.

MAIN TECHNICAL DATA:

Nominal crude oil capacity	10,000,000 m. ton/year
Crude input	tankers up to 500,000 dwt
Crude unloading	15,000 m ³ /h
Crude tankage	15 × 100,000 m ³
Independent process units	14
Storage capacity	2,750,000 m ³
Fuel consumption at nominal capacity	600,000 ton/year
White products loading	2,000 m ³ /h
Black products loading	4,500 m ³ /h

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NEW FOREIGN INVESTMENT LAW

- Creation of new jobs.
- Effective Contribution to the balance of payments.
- Valorization of national resources by their transformation.
- Utilisation of national surplus.
- Firming in respect of industrial reconversion.
- Localization, taking in account the regional development needs.
- Production of not-made-in-Portugal goods.
- Introduction of advanced technology.

Further, to the relevant limits, the transfer is submitted to the relevant department's appreciation, in the terms of No. 3 art. 17.

3.—The above is considered invested capital originally imported since it profits reinvested.

Art. 14:

1.—The re-exportation or selling or liquidation of direct foreign investments is permitted, including capital gains, when these have been deducted and after a period of five years, from the date of receipt.

TRANSFER OF TECHNOLOGY
Art. 25*
The contract between national and foreign companies, as well as contract to import technology will depend on previous authorization by the relevant department.

Art. 37^a

Within the period of three months from the date of publication of the law-decree, the creation of instruments responsible for its application will be regulated. Meanwhile, the relevant department for application of the law is the Bank of Portugal.

MINISTRY OF FINANCE

MINISTRY OF FINANCE

MADE IN PORTUGAL BY SOREFAME



Complying with the contract established with the SOEING-VERTEL COMPANY, Philadelphia, PA, SOREFAME is very proud to announce the shipment of the first stainless steel shells out of the awarded two hundred for the "C.T.A.-Chicago Transit Authority".



SOREFAME

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NEW GUIDELINES FOR INDUSTRY IN PORTUGAL

Our industrial sector consists of a large variety of enterprises, both large and small, with a wide diversity of technological levels and qualifications, not to mention different degrees of dependence on foreign raw materials and technology. On the other hand, our industrial sector reflects the generalized crisis the economy is going through, with the conversion industry showing more than any other sector, the effects of economic recession. Besides the fragility of the entrepreneurial structures caused by the artificial nature of the previous regime's economic relationships, the existing production system suffers from overall problems, such as low utilization of the capacity available, serious distortion in the cost-price relationship, and stagnation of industrial investments.

The relaunching of economic activity must be accomplished through three different forms of action: sectorial control, support to production and implementation of new industrial projects.

The revitalization of the overall economy of the country is expected, therefore, to take place through:

- A vigorous attempt to promote a labour intensive policy in the already established sectors of productive capacity.
- A diversification and amplification of the sources of external support at the commercial, financial and technological levels, through the exploitation of new activities, the opening up of new markets and fresh methods of cooperation with all countries throughout the world.
- Reorganization and reconversion of the traditional sectors.
- Active support of the majority work force through entrepreneurial and sectorial activity in those basic sectors now under state control. Special attention will be paid to the restructuring of the basic nationalized sectors—energy production and distribution, refining of petroleum products and their distribution, cement, cellulose, beer and tobacco.

Considered of great importance is the launching and dynamism of the great industrial projects, namely:

- The Sines and Oporto petrochemical complex.
- The siderurgical plan.
- Profiting from the pyrites from Alentejo and mineral deposit of Moncarvo and other natural resources.
- A power plan, including new power plants, means of conveyance and rural electrification.

Concerning the light-conversion industry, initiatives are being taken in order to create new centers, by means of projects which, because of their size and social interest, will have multiple effects that will benefit a large number of enterprises. This is an important part of the effort to develop, as far as our dependency on imports is concerned, that is the case of the projects related to beetroot sugar, tractors and agricultural machines, trucks and electric, thermo-domestic, internal combustion engines and wagon production.

The Petrochemical Industry

The petrochemical industry in Portugal is still in an initial phase, since it is now mainly confined to ammonia and urea production. Very shortly, however, a unit for formaldehyde and urea-formaldehyde resins production will be operating.

The achievement of the projected plan for petrochemicals will undoubtedly bring with it significant developments in two main branches:

- Aromatics, based on the Oporto refinery.
- Olefins, supported by a complex which is being installed in the Sines area.

An investment of about 33 billion escudos is envisaged and it is estimated that Portugal will produce the bulk of the raw materials required by the plastics and synthetic fibres industries.

Heavy Metallomechanics

The Portuguese heavy equipment industrial sector is mainly made up of seven enterprises employing about 13,000 people, often cooperating with smaller-sized firms on a sub-contracting system.

This sector is organized to supply a good part of the country's needs and has, in fact, ample possibilities for development, through export, for instance, which might play a major part in the enlargement of the small-sized Portuguese market.

Among the outstanding enterprises, the following ones are the best known:

MAGUE—World renowned for its technical expertise in producing lifting equipment, such as giant conveyor cranes, as well as power plants.

SOREFAME—Known throughout most of the world for its advanced technology for hydromechanical equipment for dams and power plants, for railways, as well as more recently for rollingstock and off-shore equipment for oil exploration and production.

EQUIPAMENTAL—A producer of heavy equipment for the chemical and petrochemical industries, steam generators, hydraulic equipment, boilers and containers.

CONSTRUTORA MODERNA—Is developing a specialized production of equipment for the refining and petrochemical industries.

SEPSA—Electrical division: Alternators, synchronous capacitors, high power motors. Engineering, and Steel Work division: Equipment for oil, chemical, cement and cellulose industries.

COMETINA—Iron and steel foundry and also an important constructor of railway equipment, water turbines for hydro-electric power stations, and equipment for steel plants and cement industry.

EPACEC—A producer of high tension transformers, circuit breakers and high power engines, as well as heat-exchangers.

Ship Repairing and Shipbuilding

The North shipyard of LISNAVE, located at Rocha in Lisbon, with its four dry-docks, various workshops and repair-benches, is fully equipped to carry out any kind of repair work as well as conversions for ships up to 21,000 Dwt, whether passenger vessels, tankers, container-ships, trawlers, tugs or conventional dry-cargo vessels.

The South yard at Margateira, facing Lisbon across the Tagus, has four large dry-docks and is specifically designed to handle very large vessels up to 1,000,000 Dwt. However, it can also obviously accommodate smaller vessels and, when necessary, dock them together with VILCO's in the bigger drydock. All type of repairs and conversions, from normal yearly survey work to extensive damage repairs, jumboing, etc., can be carried out.

The new SETENAVE shipyard, located at Setúbal about 40 kms. from Lisbon, comprises two drydocks, one of 320,000 Dwt, and one of 700,000 Dwt, and will complement the existing drydock in the Lisbon area. All types of ship repair-work and conversions will be carried out, as in LISNAVE, but SETENAVE will specialize in shipbuilding.

LISNAVE has a series of affiliated companies specializing in different repair activities such as GASLIMPO—gasfreeing and tankcleaning services, LINICO—repairs of engines, pipes and hulls on board ships under way at sea, REPROPEL—specialized propeller repairs and modifications, ENI—electrical, electronic and control instrument repairs, FRINIL—refrigeration and air-conditioning specialists.

In spite of the world crisis of which everyone is aware, the shipbuilding industry in Portugal has survived well, partly as a result of an enlightened government policy.

The ENVO shipyard located in the Northern part of the country, at Viana do Castelo, is equipped with two drydocks and one dock for outfitting with a steel work capacity of 15,000 tons per annum, employing a labor force of 1,400. At ENVO, fishing vessels, both refrigerated and multipurpose types up to 2,500 Dwt, container vessels, general cargo and bulk carriers up to 30,000 Dwt, and chemical tankers are built.

The smaller shipyards, notably Estaleiros de S. Jacinto, Argibay, Estaleiros Navais do Mondego, Ferry and Son and Foznave are all specially qualified to build fishing vessels and tugs.

It is expected that the sectorial initiatives referred to above will be conducive to stabilizing the situation, and they will be maintained in order to increase the level of employment, production and investment.

Other measures, which do not bear directly on the industrial sector, but which strongly condition its activity, such as, to mention the most important, the defining of a labor policy and the launching of a program of civil construction, will hopefully be carried out shortly, thus contributing in a decisive manner to the relaunching of the industrial sector.

GABINETE DE ESTUDOS E PLANEAMENTO DO MINISTÉRIO DA INDUSTRIA E TECNOLOGIA

Rua Braamcamp 9 - 3.º D. - LISBOA 1.

Tourism Is Crucial to the Portuguese Economy

LISBON (HRT)—Receipts by Portugal from foreign tourists visiting the country during 1974 totaled 11,229 billion contos, while expenditure by Portuguese traveling abroad was 6,457 billion. Thus the profit balance to Portugal was 4,774 billion contos. This was 30 per cent lower than the previous year's profits.

The benefits of the tourist trade, however, do not consist merely of incoming cash. They also lie in the expansion of a whole series of side issues or tourism which vitally affect the Portuguese. Among these benefits are those to the building trade which is responsible for construction of hotels and other dwellings, the makers of cement and furniture and decorations, the electric power system, the food and drinks trades, transport and telecommunications, shopkeepers and others.

This affects the population in general, for it is vital to its existence that public services such as sanitation and lighting, roads and water systems be modernized in the tourist zones. Thus in these areas the population benefits from a more prosperous and better way of life.

New Order

Given the present re-establishment of order in the country and the definite plans to enter for a tourist increase this year, Minister Campinho is prepared to go all out in the promotion of a successful campaign. The word "revolution" applied to any country is a bogey to the potential tourist.

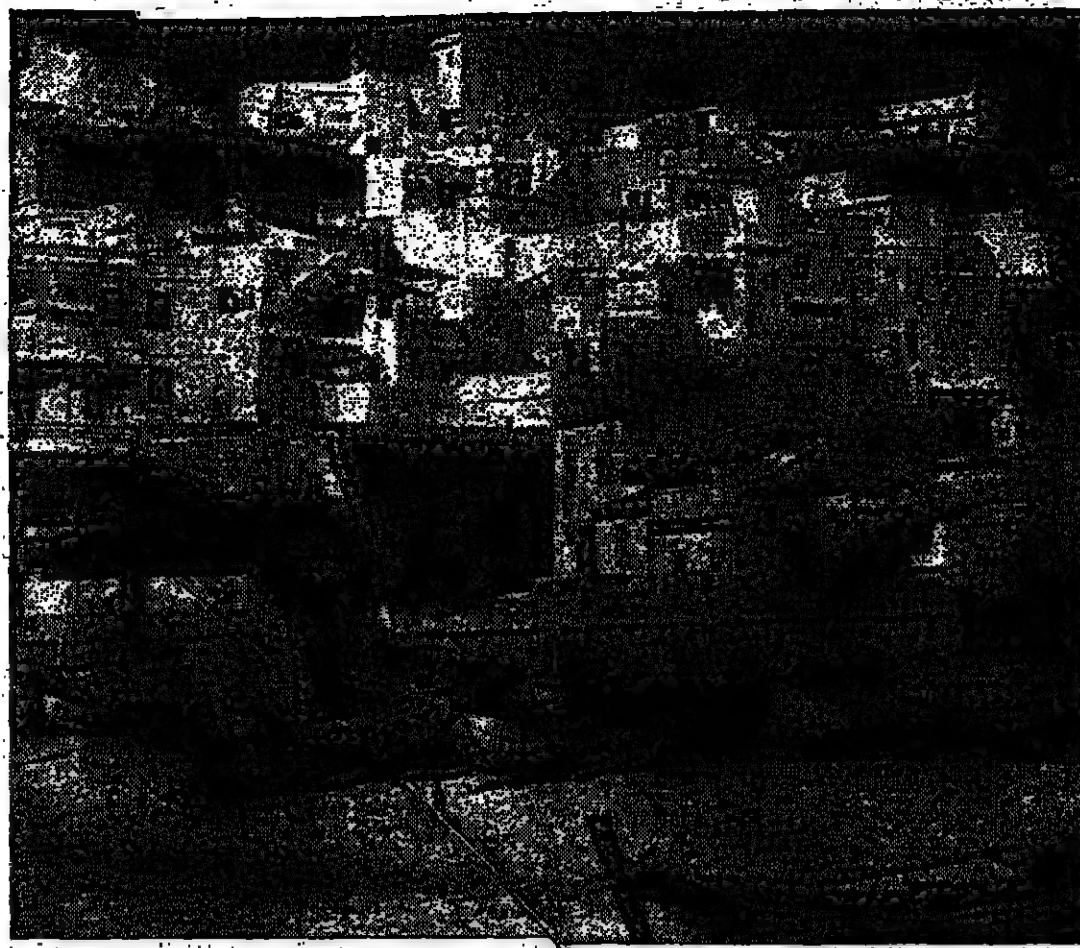
The average tourist is not going to risk his precious holiday weeks, or the safety of his family, where the word "revolution" is being applied. He will go elsewhere. Dr. Campinho blames what he calls "a certain foreign press" for over-use of the word. He is of the same opinion as Premier Jose Pinheiro de Azevedo, who says that the April 25, 1974, military rising which toppled the old regime was a mere coup d'état.

Until 1973, the Ministry of Tourism says, tourism was increasing annually at a high rate. The events of 1974, however, caused a considerable decrease, and this continued during 1975. This year is looked upon as the year of a new recovery.

As an official of the ministry pointed out, the tourist movement in Portugal cannot hope to vie with the huge figures boasted by Spain, Italy or Yugoslavia. The smallness of the country and its comparatively high population precludes this. The Portuguese hotel trade only offers 80,000 beds for tourists on the mainland and in Madeira and the Azores.

More Building

The government intends to invest 2.5 million contos in promoting the tourist trade this year, both for foreign and domestic tourists, and 60 per cent of this will be put into building more accommodations. Local administrative authorities will also play their part in the tourist drive. Priority will be given to the designated tourist zones of the Algarve in the south, and Madeira island, which are already well developed. The Estoril zone near



The seaside town of Albufeira in Portugal's Algarve province.

the capital is also due for a new look.

The present policy is geared on improving prospects by building new hotels, as well as finishing projects which are already under way, by catering for popular tourism with more and better camping sites, recreation and cultural centers, swimming pools (heated out of season), playing fields and other amenities.

The government recently approved a plan by the Algarve Planning Bureau to spend around 600 million escudos (about \$21 million) this year on town and country improvements to roads, sanitation and other infrastructures in the area. Twice this amount is needed, however, to implement their project fully.

A problem to be faced in making more room for holidaymakers is the influx of well over 300,000 Portuguese who have returned from former Portuguese Africa since the granting of independence to Angola, Mozambique and other territories. Some 10 per cent of these, representing tens of thousands of men, women and above all children, were placed in hotels and boarding houses on their arrival—mostly at the expense of the government.

This was an aid to the hotel keepers, who were suffering from the slump in tourism, for they were not allowed by law to dismiss their employees, so had to stay open. Now, however, other accommodations must be found for them to make room for expected tourists.

The problem is being dealt with by the Ministry of Housing and Town Planning, with the aid of Social Affairs, and the refugees will be integrated in the general home-building scheme which is under way. The building of prefabricated houses forms part of this scheme. Basic refurbishing of many of the hotels will be necessary before they are ready for the tourist season, however.

The hotel trade has always been a top labor market. Last year its labor force was 125,000, and this figure will be considerably increased with the existence of more establishments. Allied trades will also benefit.

'Confidence'

The state spent 200 million escudos (about \$7 million) on promoting tourism last year, particularly on publicity in foreign countries. This year it will promote a "confidence" campaign to assure intending travelers of the warm and above all peaceful welcome they may expect. "Opinion leaders" such as journalists, travel agents and transport officials will be guided throughout the country, to convince them that they may safely promote holidays in Portugal.

There will be a "Portugal Week" campaign organized in countries likely to be interested. These will advertise Portugal's national and regional assets, its scenery, accommodation, cooking, wines and folklore.

An original competition has been organized in the Netherlands on the initiative of the Centro de Turismo de Portugal there, with the collaboration of the TAP airline and various Portuguese groups. Immigrant Portuguese children, have been invited to submit entries in the form of pictures, prose and poetry illustrating the theme "Portugal for Your Holidays." The prize for the winner in each category is a week's holiday in Portugal accompanied by their teachers.

A drive is also to be promoted in Portugal itself on the lines of a "holidays at home" campaign. Now that workers have an annual vacation of four

weeks, it is hoped that they may be encouraged to spend it in a real holiday manner.

Special attention is to be paid by the tourist authorities from now on to the provision of holiday conditions for the less privileged and the young, workers and students.

The government backs approved tourist projects through the Fundo de Turismo, the tourist fund, which was created in 1959 "to ensure the touristic development of the country, and especially to stimulate the development of the hotel industry and other activities closely linked with tourism."

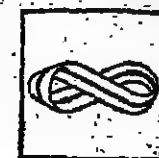
It started in 1955 as a credit institute to provide loans to specified Portuguese tourist projects and also multinational tourist projects. The law creating it stipulates an organization for state participation in the fund.

One official decision taken by the foreign tourists to Portugal is a special low gasoline price. Portugal's gasoline price is at the moment the highest in Europe at 17.50 escudos a liter. It is possible that the tourist may pay only 12 escudos a liter.

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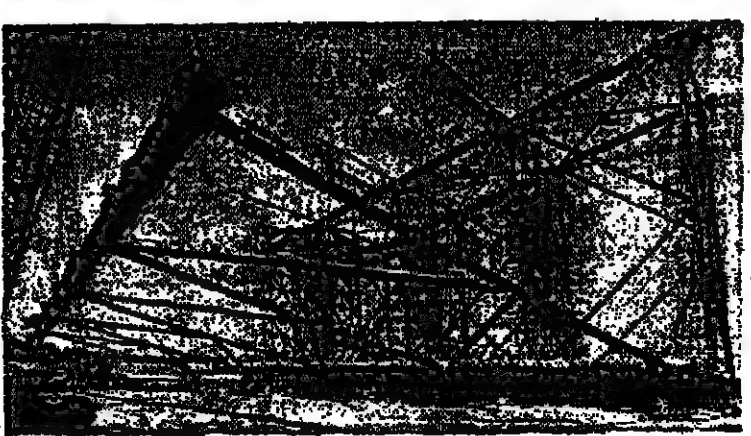
SOREFAME'S TECHNOLOGY REACHES THE NORTH SEA

Sorefame, in their offshore yard in Lisbon have built (as sub-contractor to Thyssen-Schneidstahl Technik, Gmb, Germany) 6,000 tons of structures, including a Jacket and Piling, the Module Support Structure, a Flare Tripod and the Communicating Bridge, for Phillips Petroleum Norway Group. This equipment is being installed in the North Sea—TOR Field.

Sorefame's best production jacket is now complete. All the specifications from Phillips and all the additional requests of the North Sea Vents—the challenge—were met exactly on dimensional tolerance and welding requirements. The following data illustrate the amount of inspection carried out at the yard.

Dimensions—200 shafts less than 2% gave way to capstan, oil for entry inspection.
Ultrasonics (700 rods scanned)—500 m. in radius.
Dye Penetrant—420 m.
Magnetic Particle—1200 m.

Intensified inspection carried out during welding—in fact welders and NOT personnel worked in close collaboration for prevention rather than cure.
Dimensions of main jacket: height—200 m. diameter—12 m. weight—6,000 tons.
Lifting of first panel—MAY 25, 1975
Lifting of fourth and last panel—JULY 22, 1975
Ready to load-out—AUGUST 22, 1975



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بنتا توتا



cing the Urgent Problem of Modernized Housing

(LHT). — Portugal's problem has been years. The low standard under the Salazar regime meant that of inhabitants of the in squalid conditions, housing aid equal effort behind the white-

spring of the shanty and Lisbon and the "wretched shacks in as Oporto is a matter to be solved. The of low-rental houses working community is led to these problems the 600,000 or so re- demolished Angola abique, who must oe of hotels and other

buildings in which they have been placed, and given more permanent dwellings elsewhere.

All this is the task of the minister of housing, town planning and building, Eduardo Ribeiro Pereira.

Budget Is Low

The task is being tackled with enthusiasm, although apparently insufficient money has been budgeted so far for the purpose. The plans of the ministry include encouragement of housing co-operatives, which will be aided with low-interest credits from the banks and credit institutions and with subsidies and land by the ministry. This it is hoped will encourage people to build their own houses.

The returns will be incorpo-

rated in the general housing plan and not be treated separately from the other underprivileged house-hunters. A scheme for putting prefabricated houses at their disposal is in view. Foreign aid from such countries as Norway has been forthcoming in this field for the returns. Norwegian technicians and components for building the houses are already being sent to Portugal for the purpose.

Fixing Up Old Houses

Another way of tackling the cheap-housing problem is provision of the nucleus of the house, which the future inhabitant completes himself within an established program.

The recuperation of houses in a state of dilapidation and recon-

ditioning them for habitation is also within the ministry plans. A law was passed recently by which property owners who have houses or apartments to let must not leave them uninhabited for more than a specified time. When that period has elapsed they must be registered officially, and prospective tenants may come to terms with the owner about a suitable rent. It is hoped that this will gradually bring down the too-high rents which are being charged, particularly in some areas.

The organ through which housing and building aid may be given by the government is the Fundo de Fomento da Habitação, the Housing Development Fund. It is planned for the fund to spend some 5.3 million contos on the promotion of housing, technical and financial aid, etc. The housing plans cover the whole of the country and not only the large urban centers, and already 2,148 homes are being built through the collaboration of the fund and the municipal authorities.

As Food Imports Grow

st of Living Is Outpacing Wage Gains

(LHT). — Food prices in Lisbon and the general cost of living is still rising. Even Portuguese workers are not keeping pace with the rising cost of living.

Government is fighting with a policy of control of essential commodities. The situation is no different in Portugal than in other of the inflation-

the general rise in November are trans- 20 and 100 per cent to type, gasoline, rent, postage 33-50 per cent, 57-87 per cent, eggs (since reduced), car- cent, potatoes 21 per cent (officially reduced), beginning of 1974, 30

Salaries Raised

The category of salaries between 1,500 escudos and 3,000 escudos a month was virtually eliminated, while there is an increase in the number of those earning 7,000 escudos and over. This is no longer really adequate to support a worker with a family.

The government has fixed the prices of such essential commodities as sugar, rice, oil and margarine. High taxation of imported luxury foods and beverages has put them out of the reach of the average wage earner.

At the same time, the long drought has caused shortages of various foods, while shortages of raw materials and a drop in production has caused many things to go under the counter. The high cost of gasoline in trucking has pushed up the price of the fresh fish for which Portugal is famous. The lack of fodder for cattle because of the drought has pushed up the price of beef, butter, has gone under the counter, while bacalhau, the salted and dried codfish which for centuries has been a staple diet of the people, has become both so scarce and expensive that it is now regarded as a luxury.

One of Portugal's difficulties is that a large proportion of its foodstuffs is imported, but its present economic depression is leading many countries to ask for cash on delivery instead of granting credit.

With New Influx

tugal's 1.5 Million Emigration Workers

(LHT). — There are 1.5 million Portuguese emigration workers in foreign countries. They are prominent in the grocery business. Now they are turning toward the European countries, particularly France, and West Germany. Because regulations for emigrating were extremely strict, there was a dangerous number of clandestine emigrants. This allowed them to be exploited, both by recruiting agents and unscrupulous foreign firms.

One of the solutions which the Portuguese authorities are seeking in the influx of 500,000 returnees from Angola and Mozambique is the placing of large numbers of them in foreign countries. Some countries, such as Brazil and Iran, have come forward with offers of jobs on a large scale.

New Agreements

New agreements between Portugal and the countries with Portuguese labor now contain protective clauses which give the foreign workers equal social benefits with nationals. In France, for example, there are some 370,000 Portuguese workers.

The importance of emigrants' remittances to Portugal is clear from a glance at the following figures:

1970—13,875 million contos
1971—18,266 million contos
1972—21,831 million contos
1973—26,569 million contos

After a temporary drop following the 1974 coup, the amounts are increasing and 2,500 million contos were received in the first two months of this year.

ASSOCIAÇÃO PORTUGUESA DE FABRICANTES DE PAPEL E CARTÃO

In this article we describe a few of the most typical characteristics of the Portuguese paper industry, the latest statistical values, trends and new projects.

1) Historical forces.

The history of the Portuguese paper industry goes back to the beginning of the XVIII century when producing hand-made paper from rags was still an art.

Later in the XVIII and XIX centuries a new set of mills were erected, some of which still exist, although structural and machinery updating has taken place. This set of mills has grown over the years and nowadays is still considered as the main paper producer. Let us say that these mills were in fact the cradle of the paper industry in Portugal. These installations were due exclusively to the abundance of water power, the nearness of raw materials and major population centers.

Abreast of the development of these companies, the integrated mills made their appearance in the late 1950's with the first pulp mill using the sulphate process.

2) Survey on the pulp industry.

There are seven companies owning eight mills involved in this branch of activity. Five of these mills work on the sulphate basis the Eucalyptus Globulus and Pinus Pinaster, two mills on the sulphate basis the Eucalyptus Globulus and the last one works on straw.

The total capacity of these mills amounts to 650,000 tons/year.

The pulp industry holds the second position of importance in Portuguese export trade and two companies are in the second and third position as Portuguese exporters.

Usually most of the pulp industry performs well and has shown big profits over the last years, excepting 1975 as a result of the international crisis.

3) Present paper industry characteristics.

The typical Portuguese firm is a non-integrated small to medium sized company, producing a very wide variety of papers, the range of writing and printing papers being their forte.

The common characteristic of the most non-integrated mills has been the utilization of old slow machines to produce low value-added products which they could not manufacture as economically as did mills with faster machines. Being aware of their difficulties in the near future, some companies endeavour to renew their equipment through extensions or even new machines.

Integrated mills amount to four, producing respectively the range of kraft paper for sacks, kraft liner and corrugated medium. The kraft liner mill is the only one totally integrated with a capacity of 400 tons per day. The other integrated mills are above all pulp producers.

Further to the event of 25th April and according to the Government policy, the basic branches of activity were nationalized including the pulp industry and consequently the integrated

paper mills too. Most of the non-integrated mills remain private excepting those which due to their financing situation were controlled by banks and in this case a non-direct nationalization is considered. As far as non-integrated mills are concerned the sales growth over the past ten years has been moderate to low and profitability has been below average or even in deficit, although certain companies have performed particularly well. This is of course in accordance with the cyclical nature of the industry in Portugal and elsewhere.

The Portuguese non-inte-

pounds, which means two per cent of the Portuguese National Product. This amount excludes all converted paper.

5) Paper balance of trade.

The paper balance of trade, long in deficit, achieved the maximum deficit in 1971 due to the shortage of exports for colonies and the import growth of newsprint and other writing and printing wood-containing papers. Main qualities for exports are kraft liner, writing and printing wood-free paper and unbleached kraft paper, although smaller quan-

ties, the undersigned firms are, in fact, typical representatives of this branch of activity.

To put the capacity of these companies into perspective, the production capacity and grades of each one are described as follows:

—INAPA, Indústria Nacional de Papéis, S.A.R.L. Grades: Writing and printing wood-free. Capacity: 32,000 tons/year.

From its start-up in 1969 all the figures have become more positive either in production and sales or in efficiency.

—PEXTRAFIL, Papeleiros de Extra Fines.

Grades: Cigarette paper, lightweight writing and special papers.

Capacity: 6,000-7,000 tons/year.

—CASA VELUDO.

Grades: Toilet and wall paper.

Capacity: 3,000 tons/year.

Sales growth of these companies over last year has been low to moderate; income growth varies greatly from negative to average, according to the cyclic period; employment growth has been stiotic.

7) New projects.

As mentioned previously, a kraft liner integrated mill went into production in the beginning of 1974 and three coating machines have started production during the last two years.

A multiplex machine will start-up in 1976 with the capacity of 30,000 tons/year.

We still can foresee the development of our paper industry based on the appreciation of several factors, namely pulp industry capacity, pulp quality and the groups of paper usages which will enhance their importance.

So, referring to the Portuguese pulp capacity we remark that an extension of 90,000 tons/year of bleached pulp is taking place and a new line of 150,000 tons/day of bleached eucalyptus pulp will be created this year.

As far as the pulp quality is concerned, it is not necessary to stress the ability of our short fiber for writing and printing papers, already appreciated in the international market, and tissue paper which is accepted in overseas markets.

At last and at the risk of oversimplification, classifying the most paper uses into three groups:

- a) those which fulfill communicational, informational or literary purposes;
- b) those which fulfill personal or sanitary purposes;
- c) those which fulfill packaging, industrial or construction purposes.

We foresee that the first two groups seem to be those which will enhance their importance in the near future.

According to these projections let us emphasize that projects shall be undertaken and among the sponsoring companies there are at least two which are not probable:

—Writing and printing paper machines.

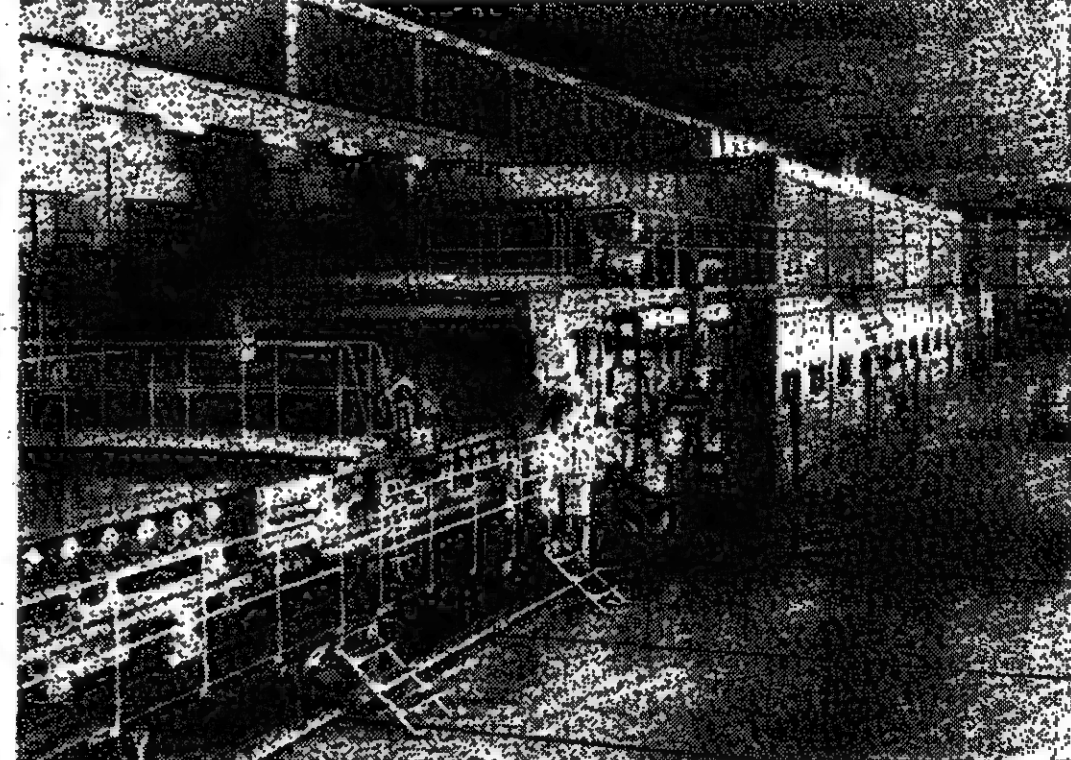
Average capacity: 45,000-50,000 tons/year.

—Tissue and sanitary papers.

Average capacity: 24,000-30,000 tons/year.

We still wish to mention the project of an integrated thermo-mechanical newsprint mill which came to public bid in 1974, but recently was rejected by our authorities, because it was not considered a priority investment.

In any case tests were performed and nowadays we know it is possible to manufacture our own mechanical pulp through the thermo mechanical process.



grated paper industry employs more than 6,000 people mostly in the center and north of our country.

4) Production key grades.

The kinds of paper Portugal produces are shown in Table I. As noted, Portugal is an important producer of both kraftliner and kraft papers through integrated operations. However, the non-integrated mills produce in writing and printing, special grades, tissue and toilet, Bristol board and other boards.

	1,000 m ²
a) Writing and printing	70
b) Other paper & paper board	
b.1-Household and sanitary	19
b.2-Folding papers & paper board	35
b.3-Kraft paper & board	43
6.3.1-Kraft liner	34
6.3.2-Sac kraft	34
6.3.3-Other kraft paper & paper board	94
c) Folding board	9
d) Other paper & paper board, not elsewhere specified	40

Regarding the above table, it is remarkable that Portuguese newsprint production was nil in 1974. During the last year, however, either due to the restrictions on imports or the price increase of newsprint on the international market, the Portuguese manufacturers decided to start producing their own newsprint with a low content of ground wood which still maintains sufficient quality in spite of a shortage of foreign currency.

The total production of this branch of activity achieved in 1974 the total amount of 58 million

This company is shareholder in partnership with Sarró (Spanish), a coating mill half integrated with this paper mill:

—FABRICA DE PAPEL DO ALMONDA (RENOVA).

Grades: Tissue and toilet paper.

Sulphurized paper.

Writing and printing woodfree.

Coated paper.

Capacity: 25,000 tons/year.

—UNOR, União do Comércio Exportador, Lda.

Grades: Corrugating medium.

Capacity: 13,500 tons/year. This company has the paper production integrated with corrugated board industry (21,000 tons/year).

—COMPANHIA DO PAPEL DE PORTO DE CAVALEIROS.

Grades: Writing and printing woodfree.

(Bond Duplicating paper, watermarking).

Safety papers.

Capacity: 12,000 tons/year.

—COMPANHIA DO PAPEL DO PRADO.

Grades: Bristol board and duplex board.

Capacity: 12,000 tons/year.

A new multiplex machine is being installed to start production in 1976.

This machine has 30,000 tons/year of capacity, of machine-coated and machine-glazed multiplex board.

—MATRENA, Sociedade Industrial de Papéis.

Grades: Lightweight writing, Printing, silk Cigarette and special papers.

Capacity: 10,000 tons/year.

SHIP REPAIRING IN PORTUGAL... IS RELAXING FOR THE CREW



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Shipping: A Huge Concentration of Large Docks

SETUBAL (OHT).—Setenave, Portugal's newest contribution to shipbuilding and repairing, recently delivered its first completed order—a hull component of a 330,000-ton tanker for the Portuguese tanker fleet company, Soponata. The tanker will be finished in shipyards in Gothenburg, Sweden.

On April 8, the Setenave yards will be formally presented to the world, four years after their inception. Working in close collaboration with the world-famous Lisnave docks a few miles up the coast, the combination outdoes even Singapore for the largest number of big docks. Last month, the two companies signed an agreement sealing their collaboration in the technological and commercial fields, with mutual market planning and greater

flexibility in the use of the conglomeration of docks.

Lisnave was built at Margueira, opposite Lisbon on the south bank of the Tagus River, and Setenave is located about 40 miles south of the capital on the south bank of the river, on a site designated Mitrena. It has good approach roads, and a new Lisbon airport is to be built less than 20 miles from the site. The yards at present occupy 1 million square meters of land on a reclaimed island in the estuary of the Sado River, near the seaport of Setúbal. The site is protected by the Troia Peninsula, and offers excellent anchorage for tankers up to 100,000 tons, being well protected from high seas and winds. The weather conditions in the area are mild, and urban expansion in the nearby town is well under way.

Because the area is not yet fully industrialized, there is no labor problem, and Setenave does all it can to facilitate transport of its employees to the site. Training of workers has from the start been benefited by Lisnave's pioneering in this field and the first groups of workers were trained in Lisnave's school. Since September, 1973, however, Setenave has operated its own training school. In addition, the company has an agreement with the three foreign shipyards that participate, with Portugal, in Lisnave-Eriksberg Verktads of Gothenburg, Kockums Mek. Verktads of Malmö, Sweden, and the Rijn Schelde Werfme Group of the Netherlands.

Setenave's present labor force totals 4,200, but it is estimated that the figure will rise to between 6,000 and 6,500 by 1978, and that

all employees will be highly trained. But Setenave looks further to the future. A member of the board said, "Setenave is giving the naval shipbuilding industry consolidation of technology and know-how, for we are installing our own designing department and putting into effect a scheme for promoting shipbuilding-engineering as a university course."

The vehicle for this enterprise is a grouping of members of Setenave and Lisnave, the Navy shipyards at nearby Alfelga, and members of the universities. The idea is to institute initially a short post-graduate course in naval architecture and mechanical engineering, adding a fully specialized course to the normal university one. Three months of practical training as an apprentice will also be demanded

before students obtain their certificates. It is hoped that this course will become a permanent and fully specialized school in the universities.

Since the completion of Setenave's first completed construction, work is beginning on two other contracts. One is for the building of another hull component of 40,000 tons steel weight for the Navigazione Alta Italia (Lelli Chetani), Italian shipowner. The other is for the building of a tanker for the Portuguese Sociedade Nacional de Navios Tancos.

Setenave is turning its marketing attention both to the international sector, with the agreements between Portugal and other countries, and the needs of the home merchant fleet. The fleet, according to experts, is due for thorough revision in view of changing modern conditions and markets. Portugal can no longer automatically count on the Europe-Africa run to bring in revenue because its former African possessions of Angola, Guinea and Mozambique have gained independence.

Setenave is in the market for shipbuilding orders from 30,000 tons upward, whether oil and other bulk carriers or not, and it is also in the market for major ship repairs.

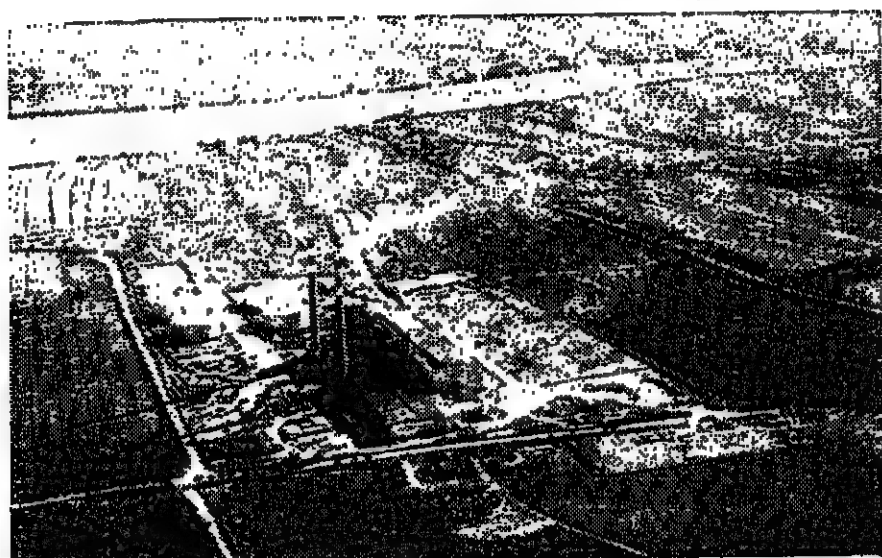
A separate enterprise announced by the company is that of a big tanker-cleaning station next door to the shipbuilding yards. This enterprise will clean tankers before they enter the docks. Lisnave's subsidiary company Gaslimpa is building this unit.

The original investment in Setenave as planned in 1972 was 4 billion escudos. Now, however, it is about 15 to 20 per cent higher.

Setenave is owned by the Portuguese government and is a public company, whereas its associate company is a private one, the government owning 50 per cent of the shares. Swedish and Dutch interests own 20 per cent each.

"Lisnave and Setenave are now two companies, one public and one private, which have found good ways of working together," say the members of the two boards of directors. "This is the biggest concentration of large docks in the world—five VLCC [very large crude carriers] docks."

COMPANHIA PORTUGUESA DE ELECTRICIDADE PORTUGAL

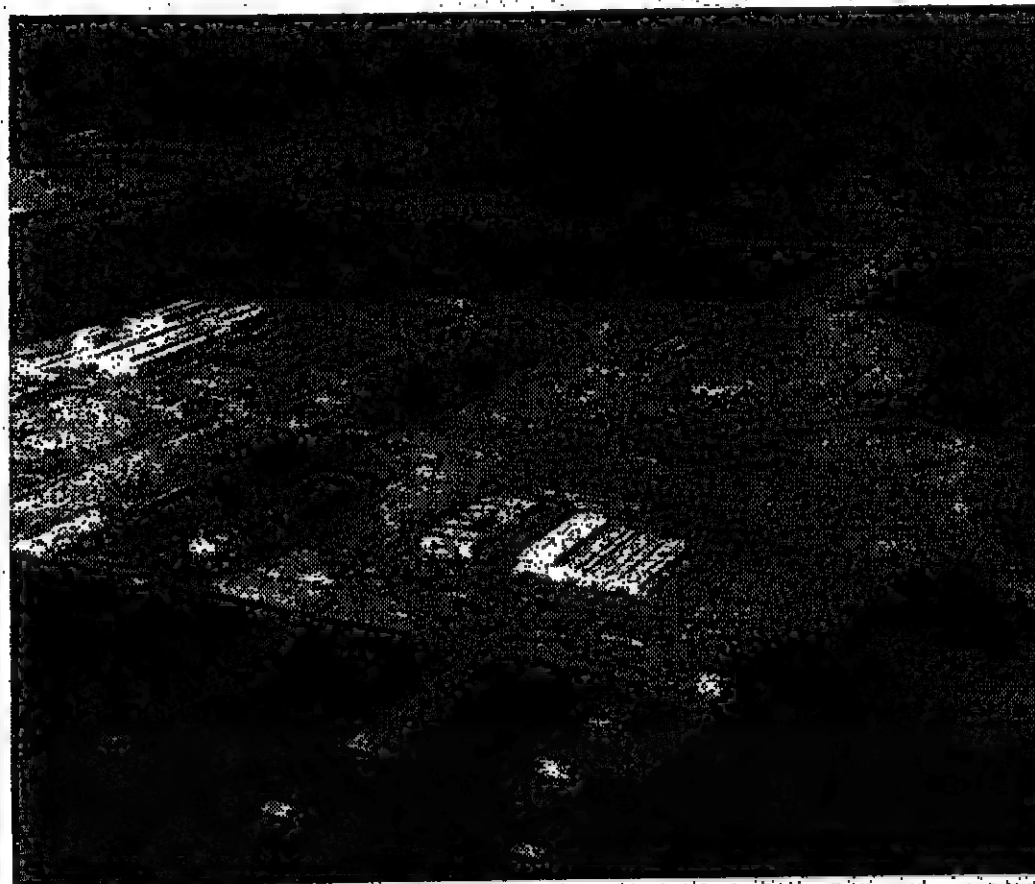


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- 13,000 million escudos (apr. 430 million U.S. dollars) of investment over the past five years (through own revenues and local and foreign borrowings);
- 30,000 million escudos (1,000 million U.S. dollars) of investments contemplated for the five forthcoming years.

Drydock at the SETENAVE yard.



A view of the SETENAVE shipyards.

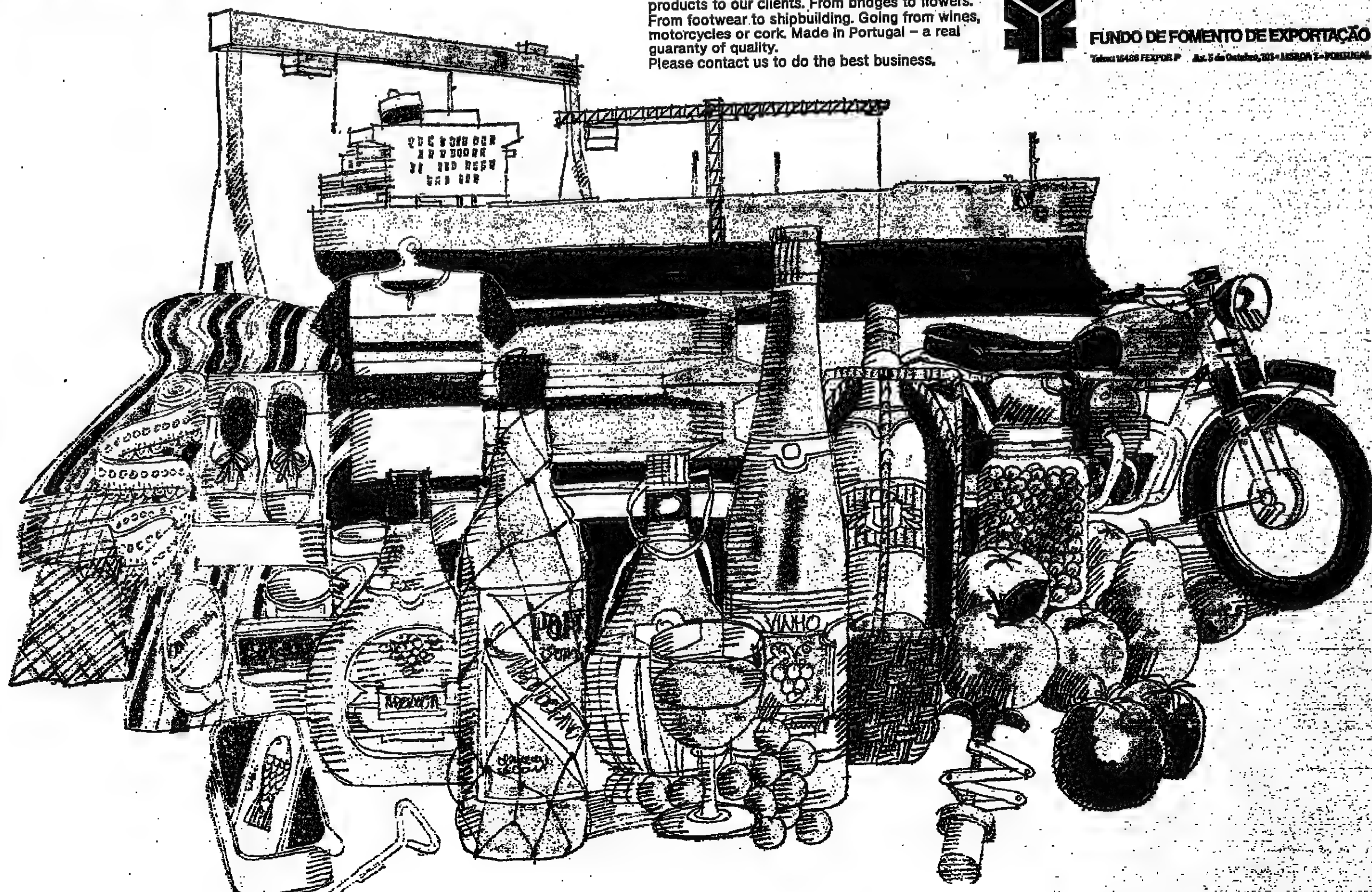
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